

Cosan S.A. Indústria e Comércio

Interim financial statements at
March 31, 2016

(A free translation of the original in Portuguese)

Cosan S.A. Indústria e Comércio

Interim Financial statements

For the three months period ended March 31, 2016 and December 31, 2015

Contents

Independent auditor report on review of interim financial statements.....	3
Statement of financial position	5
Statement of profit or loss and other comprehensive income	7
Statement of changes in shareholders' equity.....	9
Statement of cash flows.....	11
Statement of value added	13
Notes to the consolidated interim financial statements	14

Independent auditors' report on review of interim financial statements

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Cosan S.A. Indústria e Comércio (“The Company”), contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2016, which comprises the statement of financial position as of March 31, 2016 and the respective statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for the three-month period then ended, including the footnotes.

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

Review scope

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

Conclusion on the interim financial information

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

Other matters

Statement of value added

We have also reviewed the individual and consolidated statements of value added (DVA), related to the three-month period ended March 31, 2016, prepared under the responsibility of the Company's management, whose presentation in the interim financial information is required in accordance with the regulations of the Brazilian Securities Commission – CVM applicable to the preparation of Quarterly Information - ITR, and is considered as supplementary information under IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, May 12, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
Rogério Hernandez Garcia
Contador CRC 1SP213431/O-5

Cosan S.A. Indústria e Comércio

Statement of financial position
in march 31, 2016 and december 31, 2015
(In thousands of Brazilian Reais - R\$)

	Note	Parent Company		Consolidated	
		March 31, 2016	December 31, 2015 (Restated)	March 31, 2016	December 31, 2015 (Restated)
Assets					
Cash and cash equivalents	6	980,569	731,049	2,660,251	3,129,530
Marketable securities		-	-	254,313	241,430
Trade receivables	7	-	-	726,119	759,710
Derivative financial instruments	25	-	61,215	17,866	100,532
Inventories	8	-	-	436,518	431,117
Related parties	10	59,671	53,758	99,138	86,600
Income tax receivable		33,602	23,779	77,245	95,016
Other current tax receivable	9	5,977	37,041	85,254	135,947
Dividends and interest on capital receivable		20,338	11,116	143,976	11,321
Assets held for sale	13	-	-	180,242	111,638
Other current assets		8,423	33,466	42,652	62,982
Total current assets		1,108,580	951,424	4,723,574	5,165,823
Trade receivables	7	-	-	37,070	39,597
Deferred income tax and social contribution	19	-	-	325,401	335,808
Receivables from related parties	10	225,932	209,738	235,665	221,344
Other recoverable taxes	9	-	-	41,621	42,578
Judicial deposits	20	253,044	252,513	417,073	413,067
Derivative financial instruments	25	1,060,000	1,292,514	1,852,368	2,192,327
Other non-current assets		848,206	837,284	1,068,345	1,057,889
Investments in associates	11	10,846,173	11,262,812	136,657	140,136
Investments in joint ventures	12	2,788,505	2,821,205	8,266,573	8,237,188
Investment properties	13	-	-	2,526,141	2,595,035
Property and equipment	14	24,158	26,652	396,143	401,800
Intangible assets	15	8,176	6,267	9,411,226	9,447,269
Total non-current		16,054,194	16,708,985	24,714,283	25,124,038
Total Assets		17,162,774	17,660,409	29,437,857	30,289,861

The notes are an integral part of these interim

Cosan S.A. Indústria e Comércio

Statement of financial position
in march 31, 2016 and december 31, 2015
(In thousands of Brazilian Reais - R\$)

	Note	Parent Company		Consolidated	
		March 31, 2016	December 31, 2015 (Restated)	March 31, 2016	December 31, 2015 (Restated)
Liabilities					
Loans, borrowings and debentures	16	359,192	406,348	1,214,715	1,230,518
Derivative financial instruments	25	264,974	-	293,739	291
Trade payables	17	1,194	1,151	1,391,622	1,544,822
Salaries payable		8,904	17,536	62,864	106,407
Income tax payables		2,884	14,237	46,060	47,720
Other taxes payable	18	9,456	21,025	145,290	120,241
Dividends and interest on capital payable		17,876	23,420	33,295	41,656
Payables to related parties	10	166,347	427,752	128,187	114,559
Other current liabilities		28,562	30,620	78,550	138,839
Total current liabilities		859,389	942,089	3,394,322	3,345,053
Loans, borrowings and debentures	16	-	-	8,059,768	8,525,185
Preferred shareholders payable in subsidiaries		-	-	-	-
		2,111,942	2,042,878	2,111,942	2,042,878
Derivative financial instruments	25	128,386	137,006	667,579	740,427
Other taxes payable	18	21,792	25,230	21,792	25,230
Provision for legal proceedings	20	277,186	266,540	722,093	703,347
Payables to related parties	10	4,297,028	4,710,651	-	-
Post-employment benefits	26	103	126	349,296	344,334
Deferred tax liabilities	19	329,247	465,789	1,299,593	1,415,135
Other non-current liabilities		420,829	316,242	786,892	705,926
Total non-current liabilities		7,586,513	7,964,462	14,018,955	14,502,462
Total liabilities		8,445,902	8,906,551	17,413,277	17,847,515
Shareholders' equity					
Share capital	21	3,822,725	3,822,725	3,822,725	3,822,725
Treasury shares		(58,694)	(58,694)	(58,694)	(58,694)
Capital reserve		946,109	955,326	946,109	955,326
Other equity		(184,480)	(184,691)	(184,480)	(184,691)
Profit reserve		3,942,506	4,219,192	3,942,506	4,219,192
Acumulated profit		248,706	-	248,706	-
Equity attributable to:					
Owners of the Company		8,716,872	8,753,858	8,716,872	8,753,858
Non-controlling interests	11	-	-	3,307,708	3,688,488
Total shareholder's equity		8,716,872	8,753,858	12,024,580	12,442,346
Total liabilities and shareholder's equity		17,162,774	17,660,409	29,437,857	30,289,861

The notes are an integral part of these interim

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income

For the three months period ended March 31, 2016 and 2015

(In thousands of Brazilian Reais – R\$, except earnings per share)

	Note	Parent Company		Consolidated	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Net sales		-	-	1,962,148	1,935,513
Cost of sales		-	-	(1,201,078)	(1,444,991)
Gross profit		-	-	761,070	490,522
Selling expenses		-	-	(238,557)	(219,326)
General and administrative expenses		(35,497)	(24,505)	(141,656)	(140,878)
Other expense, net	24	(36,298)	(109,708)	(39,836)	(98,864)
Operating expenses		(71,795)	(134,213)	(420,049)	(459,068)
Income before equity in earning and financial results		(71,795)	(134,213)	341,021	31,454
Equity in earning of associates	11	529,200	210,324	(5,116)	(4,635)
Equity in earnings of joint ventures	12	(32,701)	(38,656)	441,344	157,772
Equity in earning of investees		496,499	171,668	436,228	153,137
Finance expense		(243,157)	(114,169)	(494,390)	(273,813)
Finance income		69,425	38,198	189,136	64,109
Foreign exchange losses, net		447,749	(712,665)	507,512	(568,545)
Derivatives		(586,556)	624,700	(651,618)	493,536
Financial results	23	(312,539)	(163,936)	(449,360)	(284,713)
Profit (loss) before taxes		112,165	(126,481)	327,889	(100,122)
Income tax (expenses) benefits	19				
Current		-	-	(90,404)	(3,567)
Deferred		136,541	82,798	95,489	88,091
		136,541	82,798	5,085	84,524
Profit (loss) for de period		248,706	(43,683)	332,974	(15,598)

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income

For the three months period ended March 31, 2016 and 2015

(In thousands of Brazilian Reais – R\$, except earnings per share)

Accumulated other comprehensive income

Items that will never be reclassified profit or loss:

Foreign currency translation differences	27,868	(20,629)	27,868	(20,629)
(Loss) gain on cash flow hedge in joint ventures and subsidiary	(27,092)	20,735	(27,092)	20,735
Changes in fair value of available for sale securities	(856)	(21)	(2,433)	1,485
Taxes on items that may be reclassified to profit or loss	291	7	827	(505)
	<u>211</u>	<u>92</u>	<u>(830)</u>	<u>1,086</u>

Total other comprehensive income (loss), net of tax

	<u>211</u>	<u>92</u>	<u>(830)</u>	<u>1,086</u>
--	------------	-----------	--------------	--------------

Total comprehensive income

	<u>248,917</u>	<u>(43,591)</u>	<u>332,144</u>	<u>(14,512)</u>
--	----------------	-----------------	----------------	-----------------

Total net income attributable to:

Owners of the Parent	248,706	(43,683)	248,706	(43,683)
Non-controlling interests	-	-	84,268	28,085
	<u>248,706</u>	<u>(43,683)</u>	<u>332,974</u>	<u>(15,598)</u>

Total comprehensive income attributable to:

Owners of the Company	248,917	(43,591)	248,917	(43,591)
Non-controlling interests	-	-	83,227	29,079
	<u>248,917</u>	<u>(43,591)</u>	<u>332,144</u>	<u>(14,512)</u>

Earning per share

22	<u>R\$0.61</u>	<u>(R\$0.11)</u>
	R\$0.61	(R\$0.11)

Earning per share

22	<u>R\$0.56</u>	<u>(R\$0.11)</u>
	R\$0.56	(R\$0.11)

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity

For the three months period ended March 31, 2016 and 2015

(Amounts in thousands of Brazilian Reais – R\$)

	Common stock	Tresuary share	Accumulated other capital reserve	Other equity components	Profit reserve					accumulated earning	Total	Non-controlling interest	Total equity
					Legal	Statutory reserve	Unrealized earning	Retained rearning					
At January 01, 2016	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	
Initial adoption effect in joint ventures (note 2.2)	-	-	-	-	-	-	-	(92,330)	-	(92,330)	-	(92,330)	
At January 01, 2016 (Restated)	3,822,725	(58,694)	955,326	(184,691)	284,960	2,731,745	171,021	1,031,466	-	8,753,858	3,688,488	12,442,346	
Profit for the year	-	-	-	-	-	-	-	-	248,706	248,706	84,268	332,974	
Other comprehensive income:													
Loss on cash flow hedge in jointly controlled entity	-	-	-	(27,092)	-	-	-	-	-	(27,092)	-	(27,092)	
Foreing currency translation effects	-	-	-	27,868	-	-	-	-	-	27,868	-	27,868	
Change in fair value of available for sale securities	-	-	-	(565)	-	-	-	-	-	(565)	(1,041)	(1,606)	
Total comprehensive income for the period	-	-	-	211	-	-	-	-	248,706	248,917	83,227	332,144	
Effect of distribution of dividends													
to non-controlling	-	-	(11,344)	-	-	-	-	-	-	(11,344)	11,344	-	
Dividends	-	-	-	-	-	(276,686)	-	-	-	(276,686)	(475,351)	(752,037)	
Shaer based compensations	-	-	2,127	-	-	-	-	-	-	2,127	-	2,127	
Total contributions by and distributions to owners of the Parent	-	-	(9,217)	-	-	(276,686)	-	-	-	(285,903)	(464,007)	(749,910)	
At March 31, 2016	3,822,725	(58,694)	946,109	(184,480)	284,960	2,455,059	171,021	1,031,466	248,706	8,716,872	3,307,708	12,024,580	

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity

For the three months period ended March 31, 2016 and 2015

(Amounts in thousands of Brazilian Reais – R\$)

	Profit reserve										Non-controlling interest	Total equity	
	Common stock	Tresuary share	Other capital reserve	Accumulated other equity components	Legal	Statutory reserve	Unrealized earning	Retained rearning	accumulated earning	Total			
At 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	-	-	-	-	-	-	-	-	(43,683)	(43,683)		28,085	(15,598)
Other comprehensive income:													
Loss on cash flow hedge in joint ventures and subsidiary	-	-	-	20,735	-	-	-	-	-	20,735		-	20,735
Foreing currency translation effects	-	-	-	(20,629)	-	-	-	-	-	(20,629)		-	(20,629)
Change in fair value of available for sale securities	-	-	-	(14)	-	-	-	-	-	(14)		994	980
Total comprehensive income for the year	-	-	-	92	-	-	-	-	(43,683)	(43,591)		29,079	(14,512)
Contributions and distributions for shareholders													
Shaer based compensations	-	-	2,743	-	-	-	-	-	-	2,743		-	2,743
Total contributions by and distributions to owners of the Parent	-	-	2,743	-	-	-	-	-	-	2,743		-	2,743
At March 31, 2015	3,632,231	(58,694)	953,437	175,390	251,631	2,481,391	217,574	1,168,151	(43,683)	8,777,428		3,660,076	12,437,504

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

Cosan S.A. Indústria e Comércio

Statements of cash flows

For the three months period ended March 31, 2016 and 2015

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

	Note	Parent Company		Consolidated	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash flows from operating activities					
Profit (loss) before taxes		112,165	(126,481)	327,889	(100,122)
Adjustments for:					
Depreciation and amortization	14 15	1,214	968	142,794	138,598
Equity in earnings of associates	11	(529,200)	(210,324)	5,116	4,635
Equity in earnings of jointly controlled entity	12	32,701	38,656	(441,344)	(157,772)
Loss (gain) on disposals assets		-	-	2,017	1,281
Option shares granted		2,127	2,743	2,127	2,743
Change in fair value of investment property	13	-	-	290	(14,320)
Provision for judicial demands		19,096	8,767	18,813	8,890
Indexation charges, interest and exchange gains, net		329,630	170,349	524,104	326,442
Other		(238)	(1,130)	13,547	16,837
		(32,505)	(116,452)	595,353	227,212
Changes in:					
Trade receivables		-	-	27,709	44,235
Inventories		-	-	(13,423)	34,562
Recoverable taxes		(3,133)	-	39,037	(26,518)
Related parties		(136,007)	(124,717)	(13,240)	(41,060)
Trade payables		330	(1,509)	(133,067)	212,281
Employee benefits		(11,003)	(11,565)	(56,267)	(45,862)
Provision for judicial demands		2,051	(590)	1,236	89
Income tax and other tax		(4,886)	37	(47,467)	339
Other assets and liabilities, net		22,806	(29,304)	(82,811)	(118,488)
		(129,842)	(167,648)	(278,293)	59,578
Net cash (used in) generated by operating activities		(162,347)	(284,100)	317,060	286,790
Cash flows from investing activities					
Acquisitions net of cash acquired	11	(7,418)	(18,585)	(2,170)	(22,555)
Dividends received from investees	11	724,650	-	-	-
Dividends received from jointly controlled entity		4,802	34,425	249,653	93,925
Acquisition of property, plant and equipment and intangible assets	14 15	(668)	(261)	(104,425)	(150,696)
Net cash generated by (used in) investing activities		721,366	15,579	143,058	(79,326)

Cosan S.A. Indústria e Comércio

Statements of cash flows

For the three months period ended March 31, 2016 and 2015

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

Cash flows from financing activities

Loans and borrowings raised	-	-	302,185	391,664
Payment of principal on loans and borrowings	-	-	(261,545)	(328,552)
Payment of principal and interest on loans borrowings	(3,024)	(1,189)	(177,089)	(156,491)
Related parties	-	(2,730)	-	-
Derivative financial instruments	(24,241)	159,607	(12,385)	178,832
Dividends paid	(282,234)	-	(760,398)	-
Net cash (used in) generated by financing activities	(309,499)	155,688	(909,232)	85,453

Increase (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of year	731,049	376,004	3,129,530	1,540,192
Effect of exchange rate fluctuations on cash held	-	-	(20,165)	28,483
Cash and cash equivalents at end of year	980,569	263,171	2,660,251	1,861,592

Supplemental cash flow information:

Income taxes paid	1,237	-	31,435	26,290
-------------------	-------	---	--------	--------

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

Cosan S.A. Indústria e Comércio

Statements of value added

For the three months period ended March 31, 2016 and 2015

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

	Parent Company		Consolidated	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Revenue				
Sale of services	-	-	2,458,400	2,411,844
Other operating revenue	3,174	543	12,603	20,514
Allowance for doubtful accounts	-	-	(6,106)	(5,511)
	3,174	543	2,464,897	2,426,847
Raw materials acquired from third parties				
Cost of services rendered	-	-	(1,384,396)	(1,694,388)
Materials, energy, third party services, other	(61,219)	(117,796)	(153,840)	(212,829)
	(61,219)	(117,796)	(1,538,236)	(1,907,217)
Gross value added	(58,045)	(117,253)	926,661	519,630
	-	-	-	-
Retention				
Depreciation and amortization	(1,214)	(968)	(142,585)	(138,598)
	(1,214)	(968)	(142,585)	(138,598)
Net value added	(59,259)	(118,221)	784,076	381,032
Value added transferred in				
Equity pick-up in investees	529,200	210,324	(5,116)	(4,635)
Equity pick-up in jointly controlled entity	(32,701)	(38,656)	441,344	157,772
Financial income	517,174	28,070	696,648	77,899
	1,013,673	199,738	1,132,876	231,036
Value added to be distributed	954,414	81,517	1,916,952	612,068
Distribution of value added				
Personnel	10,256	12,659	89,514	96,435
Taxes and contributions	(135,046)	(78,590)	342,628	159,427
Financial expenses and leasing	830,498	191,131	1,151,836	371,804
Non-controlling interests	-	-	84,268	28,085
Dividends	285,000	-	285,000	-
Net (loss) from operations	(36,294)	(43,683)	(36,294)	(43,683)
	954,414	81,517	1,916,952	612,068

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

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

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.

2 Apresentação das demonstrações financeiras e principais políticas contábeis

2.1 Statement of compliance

The interim individual and consolidated financial statements have been prepared in accordance with CPC 21 - Interim Financial Reporting and the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Securities and Exchange Commission applicable to the preparation of the Quarterly Information - ITR.

These financial statements have been prepared following the basis of preparation and accounting policies consistent with those adopted in preparing the financial statements for the year ended on December 31, 2015 and should be read together, except for the initial adoption of new accounting standards and interpretations that have been given effect from January 1, 2016 disclosed in Note 2.2. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

The information notes that did not change significantly compared with the December 31, 2015 have not been fully presented in these financial statements.

These interim financial statements were authorized for issue by the Board of Directors on May 12, 2016.

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

*(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)***2.2 New standards, interpretations and amendments adopted by the Company**

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements or the interim consolidated financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Amendments to CPC 27 e CPC 29 Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of CPC 29 - biological assets. Instead, CPC 27 – Property, plant and equipment. After initial recognition, bearer plants will be measured under CPC 27, at accumulated cost t (before maturity) and using either the cost model. The amendments also require that produce that grows on bearer plants will remain in the scope of CPC 29 measured at fair value less costs to sell. For government grants related to bearer plants CPC 07 – *Accounting for Government Grants and Disclosure of Government Assistance* will apply. These changes substantially impact the controlled Raizen Energia together and have no effect for companies that have no bearing plants. The impacts of the restatement, related to the initial adoption of the accounting standard for the year ended December 31, 2015 are:

	Consolidated statements of financial position		
	December 31, 2015		
	Parent company		
	As issued	CPC 27 effect	Restated
Assets			
Current assets	951,424	-	951,424
Investments in associates	11,355,142	(92,330)	11,262,812
Other non-current assets	5,446,173	-	5,446,173
Total assets	17,752,739	(92,330)	17,660,409
Liabilities			
Current liabilities	942,089	-	942,089
Non-current liabilities	7,964,462	-	7,964,462
Total liabilities	8,906,551	-	8,906,551
Shareholders' equity			
Share capital	3,822,725	-	3,822,725
Treasury shares	(58,694)	-	(58,694)
Additional paid in capital	955,326	-	955,326
Other comprehensive loss	(184,691)	-	(184,691)
Profit reserve	4,311,522	(92,330)	4,219,192
Equity attributable to owners of the parent			
Non-controlling interests	8,846,188	(92,330)	8,753,858
	-	-	-
Total shareholders' equity	8,846,188	(92,330)	8,753,858
Total liabilities and shareholders' equity	17,752,739	(92,330)	17,660,409

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

	Consolidated		
	As issued	CPC 27 effect	Restated
Assets			
Current assets	5,165,823	-	5,165,823
Investments in joint ventures	8,329,518	(92,330)	8,237,188
Other non-current assets	16,886,850	-	16,886,850
Total assets	30,382,191	(92,330)	30,289,861
Liabilities			
Current liabilities	3,345,053	-	3,345,053
Non-current liabilities	14,502,462	-	14,502,462
Total liabilities	17,847,515	-	17,847,515
Shareholders' equity			
Share capital	3,822,725	-	3,822,725
Treasury shares	(58,694)	-	(58,694)
Additional paid in capital	955,326	-	955,326
Other comprehensive loss	(184,691)	-	(184,691)
Profit reserve	4,311,522	(92,330)	4,219,192
Equity attributable to owners of the parent	8,846,188	(92,330)	8,753,858
Non-controlling interests	3,688,488	-	3,688,488
Total shareholders' equity	12,534,676	(92,330)	12,442,346
Total shareholders' equity and liabilities	30,382,191	(92,330)	30,289,861

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

(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 interim financial statements include the accounts of Cosan and its subsidiaries. Cosan's subsidiaries are listed below:

	March 31, 2016	December 31, 2015
<u>Subsidiaries</u>		
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	61,33%	61,33%
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	100,00%	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.

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

4 New standards and interpretations not yet adopted

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

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company has yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

- IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 - Construction Contracts and IFRIC 13 - Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Company is currently assessing the potential impacts of adopting IFRS 15.

- IFRS 16 - Leases was issued on January 13, 2016. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. For lessees, the lease becomes an on-balance sheet liability that attracts interest, together with a new asset on the other side of the balance sheet. In other words, lessees will appear to become more asset-rich but also more heavily indebted. The new standard takes effect in January 2019.

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

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

5 Operating segments

Segment information

The following segment information is used by Cosan's senior management (the "Chief Operating Decision Maker") to assess the performance of the operating segments and to make decisions with regards to the allocation of resources.

The following statement of financial position and profit or loss selected information by segment was prepared on the same basis as the accounting practices used in the preparation of consolidated information:

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

	March, 31 2016								
	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS 11	Segment elimination / adjustments	Total consolidated
Statement of income:									
Net sales	3,866,279	16,391,752	1,460,077	22,913	479,125	33	(20,258,031)	-	1,962,148
Domestic market	1,679,105	16,391,752	1,460,077	22,913	365,933	33	(18,070,857)	-	1,848,956
External market	2,187,174	-	-	-	113,192	-	(2,187,174)	-	113,192
Cost of sales	(2,667,086)	(15,600,588)	(828,584)	-	(371,944)	(550)	18,267,674	-	(1,201,078)
Gross profit	1,199,193	791,164	631,493	22,913	107,181	(517)	(1,990,357)	-	761,070
Selling expenses	(188,404)	(357,096)	(154,583)	-	(83,974)	-	545,500	-	(238,557)
General and administrative expenses	(163,286)	(101,209)	(73,326)	(7,576)	(18,793)	(41,961)	264,495	-	(141,656)
Other income (expense), net	68,479	80,718	(2,017)	(211)	1,701	(39,309)	(149,197)	-	(39,836)
Financial results	209,241	(132,961)	(96,076)	3,764	(18,914)	(338,134)	(76,280)	-	(449,360)
Financial expense	(262,775)	(43,355)	(209,989)	(409)	(8,797)	(275,195)	306,103	-	(494,390)
Financial income	162,288	59,551	113,554	4,222	965	70,395	(221,839)	-	189,136
Foreign exchange losses, net	(15,174)	358,297	123,854	(49)	17,420	366,287	(343,123)	-	507,512
Derivatives	324,902	(507,454)	(123,495)	-	(28,502)	(499,621)	182,552	-	(651,618)
Equity in earnings of associates	(36,283)	2,520	-	-	(865)	114,192	33,763	(118,443)	(5,116)
Equity in earnings of joint ventures	-	-	-	-	-	441,344	-	-	441,344
Income tax expense benefit	(368,616)	(109,974)	(104,635)	(3,936)	567	113,089	478,590	-	5,085
Profit (loss) for the period	720,324	173,162	200,856	14,954	(13,097)	248,704	(893,486)	(118,443)	332,974
Net income attributable to:									
Owners of the Parent	720,324	163,097	200,856	14,954	(13,097)	248,704	(883,421)	(202,711)	248,706
Non-controlling interests	-	10,065	-	-	-	-	(10,065)	84,268	84,268
	720,324	173,162	200,856	14,954	(13,097)	248,704	(893,486)	(118,443)	332,974
Other selected data:									
Depreciation and amortization	643,442	163,619	119,047	155	20,629	2,963	(807,061)	-	142,794
EBITDA	1,523,141	579,716	520,614	15,281	25,879	476,712	(2,102,857)	(118,443)	920,043
Additions to PP&E, intangible and biological assets	810,634	179,164	94,139	100	9,348	838	(989,798)	-	104,425
Reconciliation of EBITDA:									
Profit (loss) for the period	720,324	173,162	200,856	14,954	(13,097)	248,704	(893,486)	(118,443)	332,974
Income tax and social contribution	368,616	109,974	104,635	3,936	(567)	(113,089)	(478,590)	-	(5,085)
Financial result, net	(209,241)	132,961	96,076	(3,764)	18,914	338,134	76,280	-	449,360
Depreciation and amortization	643,442	163,619	119,047	155	20,629	2,963	(807,061)	-	142,794
EBITDA	1,523,141	579,716	520,614	15,281	25,879	476,712	(2,102,857)	(118,443)	920,043

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

	March, 31 2015								
	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS 11	Segment elimination / adjustments	Total consolidated
Statement of income:									
Net sales	3,080,040	14,061,510	1,534,064	21,606	379,843	-	(17,141,550)	-	1,935,513
Domestic market	1,166,359	14,061,510	1,534,064	21,606	305,666	-	(15,227,869)	-	1,861,336
External market	1,913,681	-	-	-	74,177	-	(1,913,681)	-	74,177
Cost of sales	(2,620,827)	(13,260,089)	(1,154,677)	(1,739)	(288,575)	-	15,880,916	-	(1,444,991)
Gross profit	459,213	801,421	379,387	19,867	91,268	-	(1,260,634)	-	490,522
Selling expenses	(149,073)	(315,933)	(154,521)	-	(64,805)	-	465,006	-	(219,326)
General and administrative expenses	(140,651)	(100,271)	(86,596)	(7,207)	(16,147)	(30,928)	240,922	-	(140,878)
Other income (expense), net	39,099	60,926	(2,080)	14,324	160	(111,268)	(100,025)	-	(98,864)
Financial results	(238,303)	12,953	(73,957)	1,692	3,768	(216,216)	225,350	-	(284,713)
Financial expense	(204,842)	(38,955)	(103,891)	(354)	(8,446)	(164,945)	243,797	3,823	(273,813)
Financial income	147,793	37,777	37,314	2,070	328	28,220	(185,570)	(3,823)	64,109
Foreign exchange losses, net	(605,426)	(172,806)	(242,512)	(24)	2,614	(328,623)	778,232	-	(568,545)
Derivatives	424,172	186,937	235,132	-	9,272	249,132	(611,109)	-	493,536
Equity in earnings of associates	(5,990)	4,048	-	-	(4,960)	31,545	1,942	(31,220)	(4,635)
Equity in earnings of joint ventures	-	-	-	-	-	157,772	-	-	157,772
Income tax expense benefit	42,751	(144,976)	(31,841)	(3,344)	(5,704)	125,413	102,225	-	84,524
Profit (loss) for the period	7,046	318,168	30,392	25,332	3,580	(43,682)	(325,214)	(31,220)	(15,598)
Net income attributable to:									
Owners of the Parent	7,046	306,146	30,392	25,332	3,580	(43,682)	(313,192)	(59,305)	(43,683)
Non-controlling interests	-	12,022	-	-	-	-	(12,022)	28,085	28,085
	7,046	318,168	30,392	25,332	3,580	(43,682)	(325,214)	(31,220)	(15,598)
Other selected data:									
Depreciation and amortization	627,614	139,333	119,451	245	17,928	974	(766,947)	-	138,598
EBITDA	830,212	589,524	255,641	27,229	23,444	48,095	(1,419,736)	(31,220)	323,189
Additions to PP&E, intangible and biological assets	828,526	239,699	123,566	668	8,300	18,162	(1,068,225)	-	150,696
Reconciliation of EBITDA:									
Profit (loss) for the period	7,046	318,168	30,392	25,332	3,580	(43,682)	(325,214)	(31,220)	(15,598)
Income tax and social contribution	(42,751)	144,976	31,841	3,344	5,704	(125,413)	(102,225)	-	(84,524)
Financial result, net	238,303	(12,953)	73,957	(1,692)	(3,768)	216,216	(225,350)	-	284,713
Depreciation and amortization	627,614	139,333	119,451	245	17,928	974	(766,947)	-	138,598
EBITDA	830,212	589,524	255,641	27,229	23,444	48,095	(1,419,736)	(31,220)	323,189

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

									March, 31 2016
<u>Statement of financial position:</u>	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS 11	Segment elimination / adjustments	Total consolidated
Cash and cash equivalents	2,987,675	1,384,957	1,000,160	817	72,625	1,586,649	(4,372,632)	-	2,660,251
Marketable Securities	-	-	-	254,313	-	-	-	-	254,313
Trade receivables	457,795	1,606,572	480,984	35,976	246,228	-	(2,064,367)	-	763,188
Derivative financial instruments	1,241,137	85,699	557,395	-	-	1,312,839	(1,326,836)	-	1,870,234
Inventories	511,997	1,184,264	132,608	-	300,548	3,362	(1,696,261)	-	436,518
Other current assets	1,670,390	1,341,716	91,661	190,992	63,279	295,444	(3,012,106)	(12,869)	628,507
Other non-current assets	3,041,550	842,308	277,986	61	23,666	1,795,250	(3,883,858)	(8,857)	2,088,106
Investment in associates	210,425	-	-	-	9,061	5,223,496	(210,425)	(5,095,900)	136,657
Investment in joint ventures	-	-	-	-	-	8,266,573	-	-	8,266,573
Biological assets	968,521	-	-	-	-	-	(968,521)	-	-
Investment property	-	-	-	2,526,141	-	-	-	-	2,526,141
Property, plant and equipment	11,365,960	2,411,346	-	1,740	242,310	152,093	(13,777,306)	-	396,143
Intangible assets and goodwill	3,263,773	4,411,262	8,592,772	1,903	807,867	8,684	(7,675,035)	-	9,411,226
Loans and borrowings	(9,840,670)	(2,976,278)	(3,745,234)	-	(541,796)	(4,987,453)	12,816,948	-	(9,274,483)
Derivative financial instruments	(684,318)	(312,010)	-	-	(28,765)	(932,553)	996,328	-	(961,318)
Trade payables	(891,846)	(774,195)	(1,143,536)	(2,294)	(241,456)	(4,336)	1,666,041	-	(1,391,622)
Employee benefits payable	(382,263)	(112,280)	(34,849)	(4,122)	(13,789)	(10,104)	494,543	-	(62,864)
Other current liabilities	(776,144)	(1,470,728)	(137,948)	(34,499)	(88,967)	(191,695)	2,246,872	21,727	(431,382)
Other non-current liabilities	(1,233,956)	(2,762,282)	(1,206,806)	(105,185)	(178,240)	(3,801,377)	3,996,238	-	(5,291,608)
Total assets (net of liabilities) allocated by segment	11,910,026	4,860,351	4,865,193	2,865,843	672,571	8,716,872	(16,770,377)	(5,095,899)	12,024,580
Total assets	25,719,223	13,268,124	11,133,566	3,011,943	1,765,584	18,644,390	(38,987,347)	(5,117,626)	29,437,857
Equity attributable to owners of the parent	11,910,989	4,689,812	4,865,193	2,865,843	672,571	8,716,872	(16,600,801)	(8,403,607)	8,716,872
Non-controlling interests	(963)	170,539	-	-	-	-	(169,576)	3,307,708	3,307,708
Total shareholders' equity	11,910,026	4,860,351	4,865,193	2,865,843	672,571	8,716,872	(16,770,377)	(5,095,899)	12,024,580

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

	December, 31 2015 (Restated)								
<u>Statement of financial position:</u>	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS 11	Segment elimination / adjustments	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
Marketable Securities	-	-	-	241,430	-	-	-	-	241,430
Trade receivables	719,092	2,058,601	540,133	38,510	220,417	247	(2,777,693)	-	799,307
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	209,529	(2,609,078)	(11,525)	503,504
Other non-current assets	3,425,968	921,891	279,091	51	(135,853)	1,937,113	(4,347,859)	(9,716)	2,070,686
Investment in associates	225,670	248,456	-	-	8,453	5,660,434	(474,126)	(5,528,751)	140,136
Investment in joint ventures	-	-	-	-	-	8,237,188	-	-	8,237,188
Biological assets	730,348	-	-	-	-	-	(730,348)	-	-
Investment property	-	-	-	2,595,035	-	-	-	-	2,595,035
Property, plant and equipment	10,975,677	2,409,555	-	2,029	243,080	156,691	(13,385,232)	-	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 and borrowings	(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)	(20,140)	398,918	-	(106,407)
Other current liabilities	(920,298)	(968,904)	(103,334)	(35,465)	(135,946)	(209,512)	1,889,202	21,242	(463,015)
Other non-current liabilities	(1,364,086)	(3,129,160)	(1,180,987)	(104,403)	(209,244)	(3,742,216)	4,493,246	-	(5,236,850)
Total assets (net of liabilities) allocated by segment	11,799,084	5,098,650	5,864,335	2,852,292	500,607	8,753,862	(16,897,734)	(5,528,750)	12,442,346
Total assets	27,751,244	13,511,856	12,339,641	3,000,355	1,609,571	18,890,286	(41,263,100)	(5,549,992)	30,289,861
Equity attributable to owners of the parent	11,800,047	4,926,655	5,864,335	2,852,292	500,607	8,753,862	(16,726,702)	(9,217,238)	8,753,858
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	8,753,862	(16,897,734)	(5,528,750)	12,442,346

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

Receita líquida de vendas, por segmento:

	<u>March, 31 2016</u>	<u>March, 31 2015</u>
Raízen Energia		
Ethanol	1,936,912	1,626,484
Sugar	1,846,288	1,408,329
Cogeneration	43,881	12,686
Other	39,198	32,541
	3,866,279	3,080,040
Raízen Combustíveis		
Fuels	16,391,752	14,061,510
	16,391,752	14,061,510
COMGÁS		
Industrial	1,006,065	1,027,851
Residential	155,406	120,857
Thermo generation	51,721	115,109
Cogeneration	54,523	65,972
Automotive	47,150	45,038
Commercial	53,327	61,609
Construction revenue	66,192	90,381
Other	25,693	7,247
	1,460,077	1,534,064
Radar		
Land lease	19,189	16,986
Property sales	-	1,879
Other	3,724	2,741
	22,913	21,606
Lubricants		
Lubricants	425,912	309,708
Basic oil	48,942	37,455
Other	4,271	32,680
	479,125	379,843
Other businesses	33	-
IFRS 11 - Deconsolidated of adjustments/eliminations joint ventures and eliminations	(20,258,031)	(17,141,550)
Total	<u>1,962,148</u>	<u>1,935,513</u>

6 Cash and cash equivalents

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Cash and bank deposits	3	3	160,013	164,091
Short-term investments	980,566	731,046	2,500,238	2,965,439
	<u>980,569</u>	<u>731,049</u>	<u>2,660,251</u>	<u>3,129,530</u>

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

Financial investments are as follows:

	Parent Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Investments funds				
Commitment transactions	811,335	97,485	880,819	1,248,983
Bank certificate of deposits - CDB	104,684	567,078	911,477	765,900
Financial letter	63,412	65,552	124,072	198,747
	979,431	730,115	1,916,368	2,213,630
Bank investments				
Commitment transactions	-	-	579,138	407,710
Bank certificate of deposits - CDB	-	-	-	343,083
Other financial investments	1,135	931	4,732	1,016
	1,135	931	583,870	751,809
	980,566	731,046	2,500,238	2,965,439

7 Trade receivables

	Consolidated	
	March 31, 2016	December 31, 2015
Domestic – Brazilian Reais	801,155	829,912
Export – Foreign currency	15,156	16,112
Allowance for doubtful accounts	(53,122)	(46,717)
	763,189	799,307
Current	726,119	759,710
Non-current	37,070	39,597

8 Inventories

	Consolidated	
	March 31, 2016	December 31, 2015
Finished goods	303,620	289,708
Product in process	84,069	86,981
Spare parts and other	48,829	54,428
	436,518	431,117

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

9 Other current tax receivable

	Parent Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
ICMS - State VAT	-	-	103,430	121,754
Credit Installment - PAES	1,977	33,245	1,977	33,245
COFINS - Revenue tax	11,301	11,301	18,389	17,860
PIS - Revenue tax	4	4	1,542	1,428
Impairment provision	(7,587)	(7,587)	(7,587)	(7,587)
Other	282	78	9,124	11,825
	5,977	37,041	126,875	178,525
Current	5,977	37,041	85,254	135,947
Non Current	-	-	41,621	42,578

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

10 Related parties

(a) Receivables and payables from related parties:

	Parent Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Current Asset				
Corporate operation / Agreements				
Raízen Energia S.A. ⁽ⁱⁱ⁾	17,978	17,101	28,263	21,313
Rumo	11,178	8,794	11,573	9,181
Cosan Lubrificantes e Especialidades	10,469	8,436	-	-
Aguassanta Participações S.A.	6,322	6,371	6,322	6,371
Radar Propriedades Agrícolas S.A.	1,345	1,035	-	-
Cosan Biomassa S.A.	961	427	-	-
Cosan Limited	895	982	895	982
Raízen Combustíveis S.A.	264	269	272	709
Cosan Logística	18	18	9,612	3,534
Other	569	653	4,447	4,251
	49,999	44,086	61,384	46,341
Financial operations				
Raízen Energia S.A.	9,672	9,672	10,751	9,672
Raízen Combustíveis S.A.	-	-	-	1,102
Cosan Limited	-	-	27,003	29,485
	9,672	9,672	37,754	40,259
	59,671	53,758	99,138	86,600
Non-current assets				
Preferred shares				
Janus Brasil Participações S.A.	20,875	20,875	20,875	20,875
Raízen Energia S.A.	89,763	89,763	89,763	89,763
	110,638	110,638	110,638	110,638
Financial operations				
Rezende Barbosa	85,558	70,365	85,558	70,368
Raízen Energia S.A.	23,866	23,029	23,866	23,029
	109,424	93,394	109,424	93,394
Corporate restructuring	5,870	5,706	15,603	17,312
	225,932	209,738	235,665	221,344

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

	Parent Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Current liabilities				
Corporate operations / Agreements				
Raízen Energia S.A.	112,467	97,253	118,662	100,505
Raízen Combustíveis S.A.	8,672	8,927	7,239	9,447
Rumo	1,480	1,480	1,568	1,512
Cosan Limited	562	-	562	-
Cosan Lubrificantes e Especialidades	258	394	-	-
Cosan Biomassa S.A.	-	216,982	-	-
Outros	618	618	156	-
	124,057	325,654	128,187	111,464
Financial operations				
Cosan Luxembourg S.A.	19,294	76,416	-	-
Cosan Overseas Limited	22,996	25,682	-	-
Raízen Energia S.A.	-	-	-	3,095
	42,290	102,098	-	3,095
	166,347	427,752	128,187	114,559
Non-current liabilities				
Financial operations				
Cosan Luxembourg S.A.	2,505,122	2,744,584	-	-
Cosan Overseas Limited	1,791,906	1,966,067	-	-
	4,297,028	4,710,651	-	-

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

(b) Related party transactions:

	Parent Company		Consolidated	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Product sales				
ALL - América Latina Logística Malha Sul S.A	-	-	15,985	-
Raízen Combustíveis S.A	-	-	3,257	-
Raízen Energia S.A.	-	-	8,369	2,560
Other	-	-	83	79
	-	-	27,694	2,639
Purchase of goods / Inputs				
Raízen Energia S.A.	-	-	(19)	-
Other	-	-	(126)	-
	-	-	(145)	-
Land lease				
Raízen Energia S.A.	-	-	16,171	14,502
	-	-	16,171	14,502
Shared income (expense)				
Aguassanta Participações S.A.	79	106	79	106
Cosan Biomassa S.A.	533	211	-	-
Radar Propriedades Agrícolas S.A.	688	1,067	-	-
Grupo Rumo	2,467	2,693	2,467	2,693
Cosan Lubrificantes e Especialidades	2,263	2,735	-	-
Raízen Energia S.A.	(1,077)	(1,044)	(9,390)	(9,274)
	4,953	5,768	(6,844)	(6,475)
Financial result				
Usina Santa Luiza	(201)	-	(201)	-
Cosan Lubrificantes e Especialidades	-	22	-	-
Cosan Limited	(37)	139	104	139
Cosan Luxembourg S.A.	215,406	(397,519)	-	-
Pasadena Empreend. Partic. S.A.	164	-	-	-
Cosan Overseas Limited	135,392	-	-	-
Raízen Energia S.A.	361	810	361	810
Other	(17)	77	(2)	(48)
	351,068	(396,471)	262	901

(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

	March 31, 2016	March 31, 2015
Regular compensation	5,737	12,499
Stock option expense	2,127	2,743
Bonuses and other variable compensation	5,286	4,773
	13,150	20,015

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

*(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)***11 Investments in associates****a) Information on associates and subsidiaries**

	Companhia de Gás de São Paulo – “COMGÁS”	Cosan Biomassa	Cosan Global	Cosan Investimentos e Participações S.A.	Cosan Lubrificantes e Especialidades S.A.	Cosan Luxembourg 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	290,441	500,000	830,690,258	21,148,989	-	65,957,282	1,907,000	
Shares held by Cosan	73,961,667	149,289,282	1	3,778,868,643	290,437	500,000	539,979,397	4,001,167	-	33,638,214	934,430	
Cosan ownership interest (%)	61.33%	100%	100%	100%	100%	100%	65.00%	18.92%	-	51%	51%	
At January 1, 2016	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
Initial adoption effect in joint ventures (note 2.2)	-	-	-	(92,330)	-	-	-	-	-	-	-	(92,330)
At January 1, 2016 (Restated)	3,754,589	208,849	200,663	5,732,301	(64,018)	107,507	648,330	625,108	(73,868)	99,638	23,713	11,262,812
Equity income of investee	123,359	(5,857)	(51,054)	467,754	9,983	(10,862)	7,620	730	(11,350)	(1,989)	866	529,200
Equity method adjustments	-	-	-	(27,177)	-	-	(148)	(266)	27,802	-	-	211
Dividends	(724,650)	-	-	-	-	-	-	-	-	-	-	(724,650)
Capital increase / Decrease	-	(216,982)	7,418	-	-	-	-	-	-	-	-	(209,564)
Other	(11,344)	-	-	-	-	-	-	-	-	(492)	-	(11,836)
At March 31, 2016	3,141,954	(13,990)	157,027	6,172,878	(54,035)	96,645	655,802	625,572	(57,416)	97,157	24,579	10,846,173
Equity income of investee March, 31 2015	18,445	(1,939)	63,953	176,893	(78,853)	14,371	5,339	3,855	5,744	2,539	(23)	210,324

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

b) Consolidated

	Tellus Brasil Participações S.A.	Novvi Limited Liabilite Company	Janus Brasil Participações S.A.	Other investments	Total
Shares issued by the investee	65.957.282	200.002	16,166,927	-	
Shares held by Cosan	33.638.214	100.001	31,699,465	-	
Cosan ownership interest (%)	51.00%	50.00%	51.00%	-	
At January 1, 2016	99,638	6,783	23,713	10,002	140,136
Equity income of investee	(1,989)	(866)	866	(3,127)	(5,116)
Capital increase / Decrease	-	2,170	-	-	2,170
Other	(492)	-	-	(41)	(533)
At March 31, 2016	97,157	8,087	24,579	6,834	136,657
Equity income of investee March, 31 2015	2,539	(4,950)	(23)	(2,201)	(4,635)

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

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

	Companhia de Gás de São Paulo - "COMGÁS"	Radar II Propriedades Agrícolas S.A.	Radar Propriedades Agrícolas S.A.	Elimination participation Radar II in Radar	Total
Shares issued by the investee	124,009,308	830,690,258	21,148,989	-	
Shares held by Cosan	47,950,970	290,710,861	17,147,822	-	
Cosan ownership interest (%)	38.67%	35.00%	81.08%	-	
At January 1, 2016	2,109,567	349,022	1,728,749	(498,850)	3,688,488
Equity income of investee	77,665	4,091	3,139	(627)	84,268
Equity method adjustments	-	(81)	(1,139)	179	(1,041)
Dividends	(475,351)	-	-	-	(475,351)
Other	11,344	-	-	-	11,344
At March 31, 2016	1,723,225	353,032	1,730,749	(499,298)	3,307,708

a) Information on subsidiaries:

March 31, 2016, the subsidiary COMGÁS has a balance of regulatory receivable account of R\$ (78,027) (R\$ 116,947 at December 31, 2015) 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\$ (194,874) and the update by the Selic rate was R\$ 2,252.

The date of the tariff review process of the 2014 cycle 2019 COMGÁS, which was scheduled to take place initially at the end of May 2014, was postponed by ARSESP through Resolutions n°. 494 of 27 May 2014 and n°. 533, of December 10, 2014.

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

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

12 Investments in joint ventures

	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, 2015	3,204,833	5,124,685	8,329,518
Initial adoption effect in joint ventures (note 2.2)	-	(92,330)	(92,330)
December 31, 2015 (Restated)	3,204,833	5,032,355	8,237,188
Equity in earnings (losses) of jointly controlled entities	81,185	360,159	441,344
Equity method adjustments	(1,045)	(14,572)	(15,617)
Interest on capital	(16,500)	-	(16,500)
Dividends	(182,060)	(197,782)	(379,842)
March 31, 2016	3,086,413	5,180,160	8,266,573
Equity income of investee March, 31 2015	152,765	5,007	157,772

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in operating segments (Note 5).

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 March 31, 2016.

13 Assets held for sale and investment property

	Investment property	Assets held for sale	Total
At December 31, 2015	2,595,035	111,638	2,706,673
Change in fair value	(290)	-	(290)
Transfers	(68,604)	68,604	-
At March 31, 2016	2,526,141	180,242	2,706,383

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

14 Property and equipment

	Consolidated				Parent Company	
	Land, buildings and improvements	Machinery, equipment and facilities	Construction in progress	Other	Total	
Cost						
At December 31, 2015	232,615	162,955	58,749	54,179	508,498	35,664
Additions	-	-	5,907	-	5,907	629
Disposals	-	(1)	-	-	(1)	-
Transfers (i)	903	612	(7,967)	637	(5,815)	(2,493)
At March 31, 2016	233,518	163,566	56,689	54,816	508,589	33,800
Depreciation						
At December 31, 2015	(31,405)	(42,804)	-	(32,489)	(106,698)	(9,012)
Additions	(1,682)	(3,240)	-	(1,464)	(6,386)	(630)
Disposals	-	1	-	-	1	-
Transfers (i)	637	-	-	-	637	-
At March 31, 2016	(32,450)	(46,043)	-	(33,953)	(112,446)	(9,642)
At December 31, 2015	201,210	120,151	58,749	21,690	401,800	26,652
At March 31, 2016	201,068	117,523	56,689	20,863	396,143	24,158

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

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

15 Intangible assets

	Consolidated					Parent company	
	Goodwill	Concessionntangibl e assets - COMGAS	Trademarks	Related customer relationships	Other	Total	Total
Cost:							
At December 31, 2015	612,840	9,159,112	252,474	940,470	285,615	11,250,511	11,172
Additions	-	76,813	-	18,830	2,640	98,283	-
Disposals	-	(8,493)	-	(1,026)	-	(9,519)	-
Transfers (i)	-	385	-	(1,740)	6,533	5,178	2,493
At March 31, 2016	612,840	9,227,817	252,474	956,534	294,788	11,344,453	13,665
Amortization							
At December 31, 2015	-	(921,733)	(159,789)	(575,411)	(146,309)	(1,803,242)	(4,905)
Additions	(1,423)	(81,511)	(5,707)	(36,712)	(11,396)	(136,749)	(584)
Disposals	-	6,244	-	520	-	6,764	-
Transfers (i)	-	124	-	-	(124)	-	-
At March 31, 2016	(1,423)	(996,876)	(165,496)	(611,603)	(157,829)	(1,933,227)	(5,489)
At December 31, 2015	612,840	8,237,379	92,685	365,059	139,306	9,447,269	6,267
At March 31, 2016	611,417	8,230,941	86,978	344,931	136,959	9,411,226	8,176

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

Capitalization of borrowing costs

Capitalized borrowing costs for period ended on March 31, 2016, amounted to R\$ 5,182 (R\$ 4,545 for period ended on March 31, 2015), 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 13.94% p.a. for the period ended on March 31, 2016 (12.37% p.a. on March 31, 2015).

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

<u>Intangible assets (excluding goodwill)</u>	<u>Annual rate of amortization - %</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
	Over the concession term		
Concession intangible asset - COMGÁS (a)		8,230,941	8,237,379
Trademarks			
<i>Mobil</i>	10.00	62,774	68,481
<i>Comma</i>	-	24,204	24,204
		<u>86,978</u>	<u>92,685</u>
Relationship with customers:		-	
Comgás	20.00	294,954	313,693
Lubrificantes	6.00	49,977	51,366
		<u>344,931</u>	<u>365,059</u>
Other		-	
Software licenses	20.00	113,222	112,570
Other		23,737	26,736
		<u>136,959</u>	<u>139,306</u>
Total		<u><u>8,799,809</u></u>	<u><u>8,834,429</u></u>

Impairment analysis of the recoverable value for cash-generating units containing goodwill

During the period ended March 31, 2016 were not identified impairment indicators were to apply for a review of the last test performed on the base date of December 31, 2015.

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

16 Loans, borrowings and debentures

Description	Interest		Parent Company		Consolidated		Maturity
	Index ⁽ⁱ⁾	Annual interest ⁽ⁱⁱ⁾	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	
Loan and borrowings							
BNDES	TJ462	10.43%	-	-	770,501	809,660	Oct-2020
	Selic	16.22%	-	-	316,655	298,258	Oct-2020
	TJLP	10.19%	-	-	190,565	176,900	Oct-2018
EIB	US\$ + Libor	2.28%	-	-	779,278	869,014	Sep-2021
FINAME	Pré-fixado	5.50%	-	-	149	164	Feb-2025
FINEP	Pré-fixado	5.00%	-	-	130,077	137,133	Nov-2020
Foreign loans	LIBOR Sterling	3.95%	-	-	279,781	312,940	Dec-2019
Perpetual Notes	US\$	8.25%	-	-	1,801,543	1,976,673	-
Resolution 4131	US\$	3.11%	-	-	144,693	161,796	Oct-2020
	US\$ + LIBOR	2.40%	-	-	439,467	471,045	Mar-2018
	US\$ + LIBOR	1.97%	359,192	406,348	359,192	406,348	Nov-2016
Senior Notes Due 2018	Fixed	9.50%	-	-	854,964	875,376	Mar-2018
Senior Notes Due 2023	US\$	5.00%	-	-	1,811,358	2,009,296	Mar-2023
Working capital	CDI + 0.28% p.m.	18.02%	-	-	23,471	25,004	Dec-2016
	121.10% of CDI	17.37%	-	-	8,015	10,143	Nov-2016
Secured account	118% of CDI	16.88%	-	-	65,989	17,763	Apr-2016
Prepayment	-	3.62%	-	-	50,016	-	Feb-2017
			359,192	406,348	8,025,714	8,557,513	
Non-convertible debentures			-	-	1,248,769	1,198,190	
Total			359,192	406,348	9,274,483	9,755,703	
Current			359,192	406,348	1,214,715	1,230,518	
Non-current			-	-	8,059,768	8,525,185	

(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) At March, 31 2016.

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

The carrying amounts and fair value of loans and borrowings:

	<u>March, 31 2016</u>	<u>December, 31 2015</u>
13 to 24 months	1,878,557	628,853
25 to 36 months	876,607	2,181,646
37 to 48 months	657,094	670,499
49 to 60 months	665,628	727,953
61 to 72 months	174,330	184,070
73 to 84 months	1,917,023	120,819
85 to 96 months	61,293	2,010,345
Thereafter	1,829,236	2,001,000
	<u>8,059,768</u>	<u>8,525,185</u>

Debêntures

Description	Issue	Series	Quantity	Interest		March 31, 2016	December 31, 2015
				Index	Annual interest		
Non-convertible debentures							
9/15/2013	3 rd	1 st	128,197	CDI	0.90%	128,989	133,624
9/15/2013	3 rd	2 nd	269,338	IPCA	5.10%	336,590	320,419
9/15/2013	3 rd	3 rd	142,465	IPCA	5.60%	177,200	166,300
Transaction cost	3 rd					(4,211)	(4,750)
12/15/2015	4 th	1 st	269,620	IPCA	7.14%	283,109	270,642
12/15/2015	4 th	2 nd	242,374	IPCA	7.48%	254,710	243,308
12/15/2015	4 th	3 rd	79,900	IPCA	7.36%	83,942	80,207
Transaction cost	4 th					(11,560)	(11,560)
At March 31, 2016						<u>1,248,769</u>	<u>1,198,190</u>

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

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
US Dollar ⁽ⁱ⁾	5,385,547	5,894,172
Brazilian Real	3,609,155	3,548,591
Pound Sterlind	279,781	312,940
	<u>9,274,483</u>	<u>9,755,703</u>

- (i) At March 31, 2016, all debts denominated in US dollars have currency risk protection through derivatives. See details in note 25.

Covenants

For the year ended March 31, 2016, the Company, its subsidiaries and its joint ventures were in compliance with all terms of contracts.

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

17 Trade payables

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Natural gas suppliers	-	-	1,352,519	1,489,552
Judicial deposits	-	-	(294,976)	(294,976)
Material and services	1,194	1,151	334,079	350,246
	1,194	1,151	1,391,622	1,544,822

- (i) On March 31, 2016, the guaranteed value in the judicial deposit is R\$ 294,976 and the guaranteed value through surety is of R\$ 689,314.

18 Other taxes payable

	Parent Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Tax amnesty and refinancing program -	27,577	30,789	27,577	30,789
COFINS - Revenue tax	2,339	11,905	21,897	20,815
PIS - Revenue tax	456	2,510	4,731	4,432
INSS - Social security	481	539	716	782
Other	395	508	28,001	17,215
ICMS – State VAT	-	4	84,160	71,438
	31,248	46,255	167,082	145,471
Current	9,456	21,025	145,290	120,241
Non-Current	21,792	25,230	21,792	25,230

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

19 Income tax and social contribution

a) Reconciliation of income and social contribution tax expenses:

	Parent company		Consolidated	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Profit (loss) before taxes	112,165	(126,481)	327,889	(100,122)
Income tax and social contribution at nominal rate (34%)	(38,136)	43,004	(111,482)	34,041
<i>Adjustments to determine the effective rate</i>				
Equity method investments (non taxable income)	168,810	58,367	148,318	52,067
Non-deductible expenses (donations, gifts, etc.)	(69)	(271)	(2,135)	(12,239)
Stock options	(723)	(932)	(723)	(932)
Interest capital - benefit	-	-	(5,610)	(6,120)
Out of period carryforward tax losses (reversals)	-	-	(193)	(73)
Differences in tax rates on earnings / losses of overseas companies	-	(17,370)	(30,453)	11,365
Differences in tax rates on entities under Brazilian presumed profits tax regime	-	-	2,434	6,361
Compensation action	1,398	-	1,398	-
Other	5,261	-	3,531	54
Income tax and social contribution expense (current and deferred)	136,541	82,798	5,085	84,524

b) Deferred income tax assets and liabilities:

	Parent Company			December 31, 2015
	March 31, 2016			
	Base	IRPJ	CSLL	Total
Tax loss carryforwards:				
Income tax loss carryforwards	618,394	154,598	-	154,598
Social contribution tax loss carryforwards	629,817	-	56,684	56,684
Temporary differences:				
Foreign currency gains/losses	1,822,167	455,542	163,995	619,537
Tax deductible goodwill	(64,185)	(16,046)	(5,777)	(21,823)
Provision for judicial demands	198,035	49,509	17,823	67,332
Allowance for doubtful accounts	20,902	5,226	1,881	7,107
Profit sharing	4,564	1,141	411	1,552
Derivatives instruments unrealized gains	(666,640)	(166,660)	(59,998)	(226,658)
Other temporary differences	433,706	108,427	39,034	147,461
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)
Total net liability		(242,849)	(86,398)	(329,247)

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

	Consolidated				December 31, 2015
	Base	March 31, 2016		Total	
		IRPJ	CSLL		
Tax loss carryforwards:					
Income tax loss carryforwards	1,405,324	351,331	-	351,331	311,140
Social contribution tax loss carryforwards	1,423,965	-	128,157	128,157	113,688
Temporary differences:					
Foreign currency gains/losses	2,074,924	518,731	186,743	705,474	891,270
Tax deductible goodwill	136,927	34,232	12,323	46,555	101,293
Provision for judicial demands	510,969	127,742	45,987	173,729	164,177
Allowance for doubtful accounts	183,124	45,781	16,481	62,262	60,229
Profit sharing	7,793	1,948	701	2,649	6,790
Derivatives instruments unrealized gains	(666,922)	(166,731)	(60,023)	(226,754)	(435,946)
Other temporary differences	563,522	144,043	51,822	195,865	139,012
Review of useful life	(289,078)	(72,270)	(26,017)	(98,287)	(100,153)
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,037)
Unrealized gains on investment properties	(1,975,635)	(39,513)	(21,337)	(60,850)	(62,069)
Assets held for sale	(85,692)	(1,714)	(925)	(2,639)	(1,255)
Concession contract	(35,495)	(8,874)	(3,195)	(12,069)	(12,552)
Regulatory asset	221,559	55,390	19,940	75,330	76,764
Gains or losses on actuarial liabilities	310,490	77,623	27,944	105,567	103,820
Business combination - Intangible	(3,595,191)	(898,798)	(323,567)	(1,222,365)	(1,234,094)
Business combination – Other fair value	(772,238)	(44,697)	(18,413)	(63,110)	(66,404)
Total net liability		(710,363)	(263,831)	(974,192)	(1,079,327)
Deferred income tax – Assets				325,401	335,808
Deferred income tax – Liabilities				(1,299,593)	(1,415,135)
Total net deferred taxes				(974,192)	(1,079,327)

c) Changes in deferred income taxes, net:

	Parent company	Consolidated
At December 31, 2015	(465,789)	(1,079,327)
Deferred tax record in Profit or Loss	136,541	95,489
Other comprehensive income	1	827
Other	-	8,819
At March 31, 2016	(329,247)	(974,192)

20 Provision for legal proceedings

	Provision for legal proceedings			
	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Tax	76,053	73,320	382,070	376,532
Civil	62,559	57,542	171,820	161,740
Labor	138,574	135,678	168,203	165,075
	277,186	266,540	722,093	703,347

Judicial deposits on March 31, 2016 and December 31, 2015 are as follows:

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

	Judicial deposit			
	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Tax	210,901	212,119	355,787	353,961
Civil and environmental	14,486	13,797	19,106	19,465
Labor	27,657	26,597	42,180	39,641
	253,044	252,513	417,073	413,067

Changes in provision for judicial demands:

	Parent company			
	Tax	Civil	Labor	Total
At December 31, 2015	73,320	57,542	135,678	266,540
Provisions	1,199	6,240	5,956	13,395
Settlement / Write-offs	(608)	(2,104)	(5,584)	(8,296)
Monetary variation	2,142	881	2,524	5,547
At March 31, 2016	76,053	62,559	138,574	277,186

	Consolidated			
	Tax	Civil	Labor	Total
At December 31, 2015	376,532	161,740	165,075	703,347
Provisions	1,485	6,402	6,989	14,876
Settlement / Write-offs	(1,845)	(2,480)	(6,042)	(10,367)
Monetary variation	5,898	6,158	2,181	14,237
At March 31, 2016	382,070	171,820	168,203	722,093

a) Tax

The main tax lawsuits at March 31, 2016 and December 31, 2015, are as follows:

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Compensation with FINSOCIAL	-	-	258,489	255,022
INSS	49,951	48,884	59,181	57,916
ICMS credits	21,151	18,777	30,000	29,248
PIS and COFINS	197	-	197	-
IPI	1,125	1,105	1,125	1,105
IRPJ and CSLL	329	329	329	329
Other	3,300	4,225	32,749	32,912
	76,053	73,320	382,070	376,532

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.

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

The Company and its subsidiaries are parties to labor claims filed by former employees and employees of service providers who question, among other, 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:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
ICMS- state VAT	1,382,618	1,348,914	1,718,332	1,678,491
Federal income taxes ⁽ⁱ⁾	327,600	323,929	1,481,138	820,972
PIS and COFINS - revenue taxes	721,872	708,141	736,624	733,799
IRRF - Whitholding tax	2,581	2,551	744,654	729,070
INSS - social security	549,796	541,700	599,233	577,686
IPI - Excise tax	427,317	423,246	489,983	484,606
Compensation with IPI - IN 67/98	124,737	123,522	124,737	123,522
Other	531,270	524,031	756,506	768,728
	<u>4,067,791</u>	<u>3,996,034</u>	<u>6,651,207</u>	<u>5,916,874</u>

- (i) The tax contingencies relate to the tax assessments mainly in the Federal sphere assessed as possible losses by the legal counsel and management and, therefore, no reserve was required. Until the date of approval of the interim financial statements, the Company had science assessment notice on goodwill amortization expense amounting possible is R\$598,052. The tax assessment is questioned at the administrative level.

b) Civil and labor

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Civil	597,290	522,973	1,239,008	1,132,962
Labor	404,035	368,506	433,915	398,242
	<u>1,001,325</u>	<u>891,479</u>	<u>1,672,923</u>	<u>1,531,204</u>

21 Shareholders' equity

a. Share capital

The subscribed capital of R\$ 3,822,725 fully paid on March 31, 2016 and December 31, 2015 is represented by 407,214,353 common shares, without par value.

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.

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

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. 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.

d. 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 March 31, 2016, the Company had 1,357,539 treasury shares, whose market price was R\$ 31.74 (R\$ 25.20 on December 31, 2015).

e. Other comprehensive income

	Consolidated				March 31, 2016
	December 31, 2015	Comprehensive income		Net	
		Base	Deferred tax		
Foreign currency translation differences - equity - accounted investee	(80,378)	27,868	-	27,868	(52,510)
Gain (loss) on cash flow hedge	(235,891)	(27,092)	-	(27,092)	(262,983)
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	-	-	190,735
Defined benefit plan actuarial gain (losses)	4,396	-	-	-	4,396
Loss in the initial measurement of derivative financial instrument	(60,631)	-	-	-	(60,631)
Available for sale financial assets from securities	30,739	(2,433)	827	(1,606)	29,133
Total	(151,030)	(1,657)	827	(830)	(151,860)

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

Attributable to:					
Owner of the Cosan	(184,691)	-	-	211	(184,480)
Non-controlling interests	33,661	-	-	(1,041)	32,620

f. Dividends

On February 18, 2016, the Board of Directors approved the payment of the Company's interim dividends in the amount of R\$ 285,000 (two hundred eighty-five million reais) in accordance with Article 31 of the Company's bylaws

22 Earnings per share

	March 31, 2016	March 31, 2015
Profit attributable to ordinary equity holders for basic earnings	<u>248,706</u>	<u>(43,683)</u>
Effect of dilution:		
<i>Put option</i>	<u>(14,248)</u>	<u>-</u>
Profit attributable to ordinary equity holders adjusted for the effect of dilution	<u>234,458</u>	<u>(43,683)</u>
Weighted average number of shares outstanding - basic	405,856,814	405,856,814
Effect of dilution:		
<i>Stock option</i>	670,463	1,068,629
<i>Put option</i>	10,923,393	-
Weighted average number of shares outstanding - diluted	417,450,670	406,925,443
Basic earnings per share continued operations	R\$0.61	(R\$0.11)
Diluted earnings per share continued operations	R\$0.56	(R\$0.11)

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

23 Financial results

	Parent Company		Consolidated	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cost of gross debt				
Interest on debt	8,455	5,300	(190,508)	(162,988)
Monetary and exchange rate variation about debt	34,574	(55,240)	515,524	(669,477)
Derivatives	(488,799)	624,700	(647,602)	559,060
Guarantees and warranties about split	-	-	(13,473)	(5,744)
	<u>(445,770)</u>	<u>574,760</u>	<u>(336,059)</u>	<u>(279,149)</u>
Cash investment income	25,354	8,103	95,746	43,528
	25,354	8,103	95,746	43,528
Cost of debt, net	(420,416)	582,863	(240,313)	(235,621)
Other charges and monetary variations				
Interest on other receivables	25,951	4,759	32,035	13,137
Interest on capital	16,500	-	-	-
Interest on other liabilities	(181,475)	(68,077)	(220,963)	(84,380)
Bank charges	(6,207)	(5,902)	(8,795)	(11,390)
Other	253,108	(677,579)	(11,324)	33,541
	<u>107,877</u>	<u>(746,799)</u>	<u>(209,047)</u>	<u>(49,092)</u>
Financial results, net	(312,539)	(163,936)	(449,360)	(284,713)
Financial expenses	(243,157)	(114,169)	(494,390)	(273,813)
Financial income	69,425	38,198	189,136	64,109
Exchange variation	447,749	(712,665)	507,512	(568,545)
Derivatives	(586,556)	624,700	(651,618)	493,536
Financial results, net	(312,539)	(163,936)	(449,360)	(284,713)

24 Other income (expense), net

	Parent company		Consolidated	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Profit on disposal of non-current assets	-	-	(2,017)	(1,281)
Changes in the fair value of investment properties	-	-	(290)	14,320
Provisions for legal proceedings	(36,840)	(8,767)	(35,486)	(8,890)
Costs to operation transactions (i)	-	(101,259)	-	(101,259)
Other	542	318	(2,043)	(1,754)
	<u>(36,298)</u>	<u>(109,708)</u>	<u>(39,836)</u>	<u>(98,864)</u>

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

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

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

25 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:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Assets		
Fair value through profit or loss		
Exclusive funds	1,916,368	2,213,630
Marketable securities	254,313	241,430
Derivate financial instruments	1,870,234	2,292,859
	<u>4,040,915</u>	<u>4,747,919</u>
Loans and receivables		
Cash and cash equivalents	743,883	915,900
Trade receivables	763,189	799,307
Receivables from related parties	334,803	307,944
Dividends receivable	143,976	11,321
	<u>1,985,851</u>	<u>2,034,472</u>
Total	<u>6,026,766</u>	<u>6,782,391</u>

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

Liabilities

Liabilities amortized cost

Loans, borrowings and debentures	5,690,479	5,353,958
Trade payables	1,391,622	1,544,822
Payables to related parties	128,187	114,559
Contingent consideration	150,255	217,377
Dividends payable	33,295	41,656
Tax installments - REFIS	27,577	30,789
Preferred shareholders payable in subsidiaries	2,111,942	2,042,878
Other	126,159	147,224
	9,659,516	9,493,263

Fair value through profit or loss

Loans, borrowings and debentures	3,584,004	4,401,745
Pension and post-employment benefits	349,296	344,334
Derivative financial instruments	961,318	740,718
	4,894,618	5,486,797

	14,554,134	14,980,060
--	-------------------	-------------------

During the year there was no reclassification between categories, fair value through profit or loss, loans and receivables and liabilities at the amortized cost presented above.

Risk management structure

As at March 31, 2016 and December 31, 2015, 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	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Exchange rate derivatives				
Forward agreements	1,826,141	2,058,190	(251,845)	46,200
	1,826,141	2,058,190	(251,845)	46,200
Interest rate and exchange rate risk				
Swap agreements (interest rate)	900,634	900,634	(35,132)	(69,964)
Cross currency interest rate swaps	3,830,924	3,889,822	1,195,893	1,575,905
	4,731,558	4,790,456	1,160,761	1,505,941
Total financial instruments			908,916	1,552,141
Assets			1,870,234	2,292,859
Liabilities			(961,318)	(740,718)

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

Credit risk

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Cash and cash equivalents ⁽ⁱ⁾	2,660,251	3,129,530
Trade receivables ⁽ⁱⁱ⁾	763,189	799,307
Derivative financial instruments ⁽ⁱⁱⁱ⁾	1,870,234	2,292,859
Marketable securities	254,313	241,430
Dividends receivable	143,976	11,321
	<u>5,691,963</u>	<u>6,474,447</u>

- (i) The Company held cash and cash equivalents of R\$ 2,660,251 at March, 31 2016 (R\$ 3,129,530 at December, 31 2015). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA e AAA.

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:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
AAA	254,313	1,116,836
AA	3,703,258	3,701,377
A	467,815	297,671
BBB	359,989	542,706
	<u>4,785,375</u>	<u>5,658,590</u>

- (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 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.

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

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.

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 15. The Company's maximum exposure for financial guarantees and financial derivative instruments are as below.

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. As mentioned in Note 1, Management has been working on measures to enable the Company to honor its Commitments.

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

					March 31, 2016	December 31, 2015
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total	Total
Loans, borrowings and debentures	(898,232)	(1,261,996)	(2,780,731)	(5,125,988)	(10,066,947)	(17,936,372)
Trade payables	(1,391,622)	-	-	-	(1,391,622)	(1,544,822)
REFIS	(6,607)	(5,521)	(9,821)	(8,853)	(30,802)	(34,503)
	<u>(2,296,461)</u>	<u>(1,267,517)</u>	<u>(2,790,552)</u>	<u>(5,134,841)</u>	<u>(11,489,371)</u>	<u>(19,515,697)</u>

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

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

accounting to manage volatility in profit or loss.

a) Foreign exchange risk

As at March 31, 2016 and December 31, 2015, the Company and its subsidiaries had the following net exposure to the exchange rate variations on assets and liabilities denominated in Brazilian Reais:

	March 31, 2016		December 31, 2015	
	R\$	US\$	R\$	US\$
Cash and cash equivalents	126,770	35,621	123,038	31,509
Trade receivables	15,155	4,258	16,112	4,126
Loans, borrowings and debentures	(5,385,547)	(1,513,262)	(5,894,172)	(1,509,468)
Contingent consideration	(17,993)	(5,056)	(65,064)	(16,663)
Derivative financial instruments (notional)	5,657,065	1,589,554	5,959,411	1,526,176
Foreign exchange exposure, net	395,450	111,116	139,325	35,680

Sensitivity analysis on changes in foreign exchange rates:

The probable scenario was defined based on the U.S. Dollar market rates as at March 31, 2016, 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 March 31, 2016, 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:

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

	March 31, 2016	Exchange rate sensitivity analysis (R\$/US\$)				
		Scenario				
		Probable	25%	50%	-25%	-50%
At March 31, 2016	3,5589	3,9600	4,4486	5,9400	2,6692	1,7795

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

Instrument	Risk factor	Variation scenario				
		Probable	25%	50%	-25%	-50%
Cash and cash equivalents	USD fluctuation	14,287	49,552	84,816	(20,977)	(56,241)
Trade receivables	USD fluctuation	1,708	5,924	10,140	(2,508)	(6,723)
Exchange rate derivatives (notional)	USD fluctuation	205,812	713,801	1,221,789	(302,176)	(810,164)
Exchange rate and interest derivatives (notional) ⁽ⁱ⁾	USD and CDI fluctuation	431,758	1,497,429	2,563,099	(633,912)	(1,699,583)
Loans, borrowings and debentures	USD fluctuation	(606,969)	(2,105,098)	(3,603,227)	891,160	2,389,289
Contingent consideration	USD fluctuation	(2,028)	(7,033)	(12,038)	2,977	7,983
Impacts on profit or loss		44,568	154,575	264,579	(65,436)	(175,439)

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

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:

Exposure interest rate⁽ⁱ⁾	March 31, 2016				
	Nominal amount	25%	50%	-25%	-50%
Cash and cash equivalents	345,033	86,258	172,516	(86,258)	(172,516)
Marketable securities	35,095	8,774	17,548	(8,774)	(17,548)
Interest rate derivatives	(35,132)	(110,153)	(210,138)	122,723	261,144
Loans, borrowings and debentures	(712,329)	(178,082)	(356,164)	178,082	356,164
Impacts on profit or loss	(367,333)	(193,203)	(376,238)	205,773	427,244

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

The probable scenario considers the projections of the Company to interest rates, as follows:

	<u>Probable</u>	<u>25%</u>	<u>50%</u>	<u>-25%</u>	<u>-50%</u>
SELIC	13.82%	17.28%	20.73%	10.37%	6.91%
CDI	13.80%	17.25%	20.70%	10.35%	6.90%
TJ462	8.50%	10.63%	12.75%	6.38%	4.25%
TJLP	7.50%	9.38%	11.25%	5.63%	3.75%
IPCA	5.65%	7.06%	8.47%	4.24%	2.82%
LIBOR	1.20%	1.50%	1.80%	0.90%	0.60%

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 15) is based on their quoted market price as of March 31, 2016, of 81.60% (78.71% on December 31, 2015) and 87.85% (83.83% at December 31, 2015), respectively, of the face nominal value at March 31, 2016.
- The fair value of Perpetual Notes listed on the Luxembourg Stock Exchange (Note 15) is based on their quoted market price as March 31, 2016 of 84.44% (79.64% at December 31, 2015) of the face value of obligations at March 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 15).
- The fair values of the remaining of assets held for sale are derived from quoted market prices in active markets.

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

The Company and its subsidiaries enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. 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:

	Carrying amount		Assets and liabilities measured at fair value			
	March 31, 2016	December 31, 2015	March 31, 2016		December 31, 2015	
			Level 1	Level 2	Level 1	Level 2
Assets						
Exclusive funds	1,916,368	2,213,630	-	1,916,368	-	2,213,630
Marketable securities	254,313	241,430	-	254,313	-	241,430
Derivate financial instruments	1,870,234	2,292,859	-	1,870,234	-	2,292,859
Total	4,040,915	4,747,919	-	4,040,915	-	4,747,919
Liabilities						
Loans, borrowings and debentures	(3,584,004)	(4,401,745)	-	(3,584,004)	-	(4,401,745)
Pension and post-employment benefits	(349,296)	(344,334)	-	(349,296)	-	(344,334)
Derivative financial instruments	(961,318)	(740,718)	-	(961,318)	-	(740,718)
Derivative financial instruments	126,159	147,224	-	126,159	-	147,224
Total	(4,768,459)	(5,339,573)	-	(4,768,459)	-	(5,339,573)

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

(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:

	<u>Debt</u>	<u>Derivative</u>	<u>Total</u>
At December 31, 2015	2,522,772	(822,586)	1,700,186
Interest amortization	(45,299)	(42,401)	(87,700)
Fair value	(123,442)	982,131	858,689
At March 31, 2016	<u>2,354,031</u>	<u>117,144</u>	<u>2,471,175</u>

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.

26 Post-employment benefits

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Futura	48,326	48,414
Futura II	134	222
COMGÁS	300,836	295,698
	<u>349,296</u>	<u>344,334</u>

During the period ended March 31, 2016, the expense recognized in relation to the actuarial contributions was R\$ 6,921 (R\$ 7,577 on March 31, 2015).

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

27 Share-based payment

The vesting period and share options outstanding at the end of the period are as follows:

Share option programmes	Expected life (years)	Interest rate	Expected volatility	Number of instruments		Market price on grant date	Exercise price at March 31, 2015	Fair value at grant date - R\$ ⁽ⁱ⁾
				Granted	Outstanding			
August 18, 2011 - <i>Tranche A</i>	1 to 5	12.39%	31.44%	4,825,000	2,250,000	22.98	23.91	6,80
August 18, 2011 - <i>Tranche B</i>	1 to 10	12.39%	30.32%	5,000,000	4,080,000	22.98	23.91	8,15
December 12, 2012 - <i>Tranche C</i>	1 to 5	8.78%	31.44%	700,000	652,000	39.80	41.41	10.10
April 24, 2013	5	13.35%	27.33%	970,000	945,000	46.51	47.37	17,95
April 25, 2014	5	12.43%	29.85%	960,000	945,000	37.10	38.67	15,67
August 31, 2015	5	14.18%	33.09%	759,000	759,000	18.15	20.03	7.67
				13,214,000	9,631,000			

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

The number and weighted-average exercise prices of share options under the share option programs were as follows:

	Number of options	Weighted average
December 31, 2015	9,671,000	30.09
Cancellation or settlements	(40,000)	
March 31, 2016	9,631,000	28.54

Cosan S.A. Indústria e Comércio

Notes to the interim financial statements

For the three months period ended March 31, 2016 and December 31, 2015

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

28 Subsequent events

28.1 Capital increase in indirect subsidiary COMGÁS

On April 26, 2016 COMGÁS approved the capital increase of R\$168,828, from R\$1,143,548 at December 31, 2015, to R\$1,312,376, through the capitalization of capital reserve in the amount of the effective credit tax earned by the Company in the year ended December 31, 2015.

28.2 Exercise of right of stocks exchange

On April 28, 2016, the GIF Rumo Fundo de Investimento em Participações (“GIF”), a subsidiary of Gávea Investimentos and shareholders of Rumo, exercised its right to exchange 12,831,102 (twelve million, eight hundred thirty-one thousand, one hundred and two) shares issued by Rumo (ticker: RUMO3), – for shares issued by Cosan S.A. (ticker: CSAN3) and shares issued by Cosan Logística S.A. (ticker: RLOG3).

The exchange ratio established is of 19.246654 Bound Shares to one (1) share of Cosan S.A and one (1) share of Cosan Log (“Exchange Ratio”), subject to usual adjustments to be determined within the contractual terms, such as Rumo’s share grouping which is determined within the established contractual terms. The liquidation of such transaction can be made based on shares swap, as provisioned, or through alternative instruments to be agreed between the parties.

28.3 Approval of the allocation of income

As General and Extraordinary Shareholders' Meeting held on 29 April 2016, the dividend distribution was approved and the remaining balance for the results ended December 31, 2015, by converting part of the existing balance in the Special Reserve Account (Statutory Reserve), changing hence the "caput" of Article 5 of the Company's Bylaws.