

**Cosan S.A. Indústria e Comércio**

Interim financial statements

at March 31, 2017

(A free translation of the original in Portuguese)

# Cosan S.A. Indústria e Comércio

## Interim Financial statements at March 31, 2017

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# Report on Review of Interim Financial Information

To the Management, Board of Directors and Shareholders of  
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 (“Company”), included in the Quarterly Information Form - ITR for the quarter ended March 31, 2017, which comprise the balance sheet as of March 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes.

Company’s management is responsible for the preparation of these interim financial information in accordance with the Technical Pronouncement *CPC 21 (R1) - Demonstração Intermediária* and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of the information in accordance with the standards issued by *Comissão de Valores Mobiliários*, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of review

We conducted our review in accordance with Brazilian and International standards on review of interim financial information (*NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* 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 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 auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB, applicable to the preparation of the Quarterly Information - ITR and presented in accordance with the standards issued by *Comissão de Valores Mobiliários*.

## Other matters - Statements of value added

The individual and consolidated interim financial information related to the Statements of value added (DVA) for the three-month period ended March 31, 2017, prepared under the responsibility of the Company’s management, presented herein as supplementary information for IAS 34 purposes, have been subject to review procedures jointly performed with the review of the Company’s interim financial information - ITR. In order to form our conclusion, we assessed whether those statements are reconciled with the interim financial information and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement *CPC 09 - Demonstração do valor adicionado*. Based on our review, nothing has come to our attention

that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, May 10, 2017

KPMG Auditores Independentes

CRC 2SP014428/O-6

Original report in Portuguese signed by

Rogério Hernandez Garcia

Accountant CRC 1SP213431/O-5

# Cosan S.A. Indústria e Comércio

Statement of financial position  
in march 31, 2017 and december 31, 2016  
(In thousands of Brazilian Reais - R\$)

	Note	Parent Company		Consolidated	
		March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>Assets</b>					
Cash and cash equivalents	7	1,074,402	1,066,930	3,724,546	3,990,930
Marketable securities	8	135,462	123,399	381,091	371,167
Trade receivables	9	-	-	704,084	713,468
Derivative financial instruments	25	94,249	-	198,251	17,771
Inventories		-	-	351,462	346,173
Receivable from related parties	11	52,180	48,508	54,747	50,257
Income tax receivable		143,380	155,286	216,299	195,580
Other current tax receivable	10	3,723	3,749	88,541	94,806
Dividends and interest on capital receivable		34,735	142,856	40,978	142,856
Other financial assets		196,308	70,487	196,308	70,487
Other current assets		27,219	275,637	65,539	310,362
<b>Total current assets</b>		<b>1,761,658</b>	<b>1,886,852</b>	<b>6,021,846</b>	<b>6,303,857</b>
Trade receivables	9	-	-	38,882	40,501
Deferred tax assets	19	24,305	6,987	341,483	330,212
Receivables from related parties	11	158,084	189,968	176,057	208,853
Other non-current tax receivable	10	37,434	36,708	79,060	79,044
Judicial deposits	20	275,031	269,928	421,852	414,214
Derivative financial instruments	25	310,932	264,647	634,315	729,640
Other non-current assets		488,098	483,355	729,263	729,534
Investments in associates	12	10,424,640	10,165,963	240,712	240,100
Investments in joint ventures	13	2,669,886	2,713,044	8,738,569	8,506,395
Property, plant and equipment	14	20,708	21,577	381,842	389,329
Intangible assets and goodwill	15	6,051	6,621	9,250,470	9,328,150
<b>Total non-current</b>		<b>14,415,169</b>	<b>14,158,798</b>	<b>21,032,505</b>	<b>20,995,972</b>
<b>Total assets</b>		<b>16,176,827</b>	<b>16,045,650</b>	<b>27,054,351</b>	<b>27,299,829</b>

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

# Cosan S.A. Indústria e Comércio

Statement of financial position  
in march 31, 2017 and december 31, 2016  
(In thousands of Brazilian Reais - R\$)

	Note	Parent Company		Consolidated	
		March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>Liabilities</b>					
Loans, borrowings and debentures	16	-	-	1,436,914	936,000
Derivative financial instruments	25	-	9,800	18,616	35,991
Trade payables	17	2,113	3,330	1,426,973	1,467,570
Employee benefits payable		9,185	24,100	57,856	121,009
Income tax payables		6,108	1,294	9,035	47,124
Other taxes payable	18	60,661	82,434	193,088	227,555
Dividends and interest on capital payable		23,274	23,274	24,003	94,055
Payables to related parties	11	240,592	306,806	128,588	150,107
Other financial liabilities		-	-	51,047	25,734
Other current liabilities		23,199	21,597	58,948	117,660
<b>Total current liabilities</b>		<b>365,132</b>	<b>472,635</b>	<b>3,405,068</b>	<b>3,222,805</b>
Loans, borrowings and debentures	16	-	-	7,424,680	8,202,129
Preferred shareholders payable in subsidiaries		-	-	-	-
		1,809,176	1,769,427	1,809,176	1,769,427
Derivative financial instruments	25	297,778	248,693	298,733	247,550
Other non-current taxes payable	18	139,277	136,720	139,277	136,720
Provision for legal proceedings	20	287,888	287,296	767,019	761,542
Payables to related parties	11	3,765,131	3,872,619	-	-
Post-employment benefits	26	153	163	447,674	441,480
Deferred tax liabilities	19	-	-	1,192,877	1,108,748
Other non-current liabilities		147,396	292,491	470,193	617,089
<b>Total non-current liabilities</b>		<b>6,446,799</b>	<b>6,607,409</b>	<b>12,549,629</b>	<b>13,284,685</b>
<b>Total liabilities</b>		<b>6,811,931</b>	<b>7,080,044</b>	<b>15,954,697</b>	<b>16,507,490</b>
<b>Shareholders' equity</b>					
Share capital	21	3,839,075	3,824,648	3,839,075	3,824,648
Treasury shares		(34,966)	(34,966)	(34,966)	(34,966)
Capital reserve		953,877	956,318	953,877	956,318
Other equity		(53,304)	(295,923)	(53,304)	(295,923)
Profit reserve		4,454,898	4,515,529	4,454,898	4,515,529
Retained earning		205,316	-	205,316	-
Equity attributable to:					
Owners of the Company		9,364,896	8,965,606	9,364,896	8,965,606
Non-controlling interests	12	-	-	1,734,758	1,826,733
<b>Total shareholders' equity</b>		<b>9,364,896</b>	<b>8,965,606</b>	<b>11,099,654</b>	<b>10,792,339</b>
<b>Total shareholders' equity and liabilities</b>		<b>16,176,827</b>	<b>16,045,650</b>	<b>27,054,351</b>	<b>27,299,829</b>

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

# Cosan S.A. Indústria e Comércio

## Statement of profit or loss and other comprehensive income

For the three months period ended March 31, 2017 and 2016

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

	Note	Parent Company		Consolidated	
		March 31, 2017	March 31, 2016 (Restated)	March 31, 2017	March 31, 2016 (Restated)
Net sales		-	-	1,593,142	1,939,236
Cost of sales		-	-	(1,035,174)	(1,201,078)
<b>Gross profit</b>		-	-	<b>557,968</b>	<b>738,158</b>
Selling expenses		-	-	(255,228)	(238,557)
General and administrative expenses		(29,788)	(35,497)	(136,917)	(134,080)
Other expense, net	23	(10,596)	(36,298)	(13,846)	(39,626)
<b>Operating expenses</b>		<b>(40,384)</b>	<b>(71,795)</b>	<b>(405,991)</b>	<b>(412,263)</b>
<b>(Loss) income before equity in earnings of Investees and financial results</b>		<b>(40,384)</b>	<b>(71,795)</b>	<b>151,977</b>	<b>325,895</b>
Equity in earnings of associates	12	292,217	520,850	1,208	(5,116)
Equity in earnings of joint ventures	13	(43,158)	(32,701)	255,697	441,344
<b>Equity in earnings of investees</b>		<b>249,059</b>	<b>488,149</b>	<b>256,905</b>	<b>436,228</b>
Finance expense		(145,682)	(245,695)	(423,559)	(496,519)
Finance income		94,259	69,425	266,726	184,914
Foreign exchange gain, net		108,615	447,749	136,888	507,562
Derivatives		(77,867)	(586,556)	(115,093)	(651,618)
<b>Financial results</b>	24	<b>(20,675)</b>	<b>(315,077)</b>	<b>(135,038)</b>	<b>(455,661)</b>
<b>Profit before taxes</b>		<b>188,000</b>	<b>101,277</b>	<b>273,844</b>	<b>306,462</b>
<b>Income tax (expenses) benefits</b>	19				
Current		-	-	36,959	(87,982)
Deferred		17,318	137,404	(74,300)	97,866
		<b>17,318</b>	<b>137,404</b>	<b>(37,341)</b>	<b>9,884</b>
Profit from continuing operations		205,318	238,681	236,503	316,346
Profit from discontinued operation, net of tax		-	8,350	-	14,953
<b>Profit for the period</b>		<b>205,318</b>	<b>247,031</b>	<b>236,503</b>	<b>331,299</b>

# Cosan S.A. Indústria e Comércio

## Statement of profit or loss and other comprehensive income

For the three months period ended March 31, 2017 and 2016

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

### Other comprehensive income

Items that will never be reclassified to profit or loss

Financial instruments – common transactions	69,633	-	69,633	-
	<b>69,633</b>	<b>-</b>	<b>69,633</b>	<b>-</b>

Items that are or may be reclassified to profit or loss:

Foreign currency translation effect	1,562	27,868	1,562	27,868
Gain (loss) on cash flow hedge in joint ventures and subsidiary	171,295	(27,092)	171,295	(27,092)
Changes in fair value of available for sale securities	129	(565)	129	(1,606)
	<b>172,986</b>	<b>211</b>	<b>172,986</b>	<b>(830)</b>

**Total other comprehensive income (loss), net of tax** **242,619** **211** **242,619** **(830)**

**Total comprehensive income** **447,937** **247,242** **479,122** **330,469**

### Total net income attributable to:

Owners of the Parent	205,318	247,031	205,318	247,031
Non-controlling interests	-	-	31,185	84,268
	<b>205,318</b>	<b>247,031</b>	<b>236,503</b>	<b>331,299</b>

### Total comprehensive income attributable to:

Owners of the Company (including discontinuing operations)	447,937	247,242	447,937	247,242
Non-controlling interests	-	-	31,185	83,227
	<b>447,937</b>	<b>247,242</b>	<b>479,122</b>	<b>330,469</b>

### Basic earnings per share from:

Continuing operations	22	R\$0.50364	R\$0.58809	R\$0.50364	R\$0.58809
Discontinuing operations	22	-	R\$0.02057	-	R\$0.02057
		<b>R\$0.50364</b>	<b>R\$0.60866</b>	<b>R\$0.50364</b>	<b>R\$0.60866</b>

### Diluted earnings per share from:

Continuing operations	22	R\$0.50111	R\$0.53763	R\$0.50111	R\$0.53763
Discontinuing operations	22	-	R\$0.02000	-	R\$0.02000
		<b>R\$0.50111</b>	<b>R\$0.55763</b>	<b>R\$0.50111</b>	<b>R\$0.55763</b>

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

# Cosan S.A. Indústria e Comércio

Statements of changes in shareholder 'equity  
For the three months period ended March 31, 2017

(In thousands of Brazilian Reais - R\$)

	Share capital	Treasury share	Other capital reserve	Others equity	Profit reserve			Retained earning	Retained earning	Total	Non-controlling interest	Total equity
					Legal	Statutory reserve	Unrealized earning					
<b>At January 1, 2017</b>	<b>3,824,648</b>	<b>(34,966)</b>	<b>956,318</b>	<b>(295,923)</b>	<b>284,960</b>	<b>2,963,532</b>	<b>171,021</b>	<b>1,096,016</b>	-	<b>8,965,606</b>	<b>1,826,733</b>	<b>10,792,339</b>
Profit for the period	-	-	-	-	-	-	-	-	205,318	205,318	31,185	236,503
Other comprehensive income:												
Loss on cash flow hedge in joint ventures and subsidiary	-	-	-	171,295	-	-	-	-	-	171,295	-	171,295
Foreign currency translation effects	-	-	-	1,562	-	-	-	-	-	1,562	-	1,562
Financial instruments – common transactions	-	-	-	69,633	-	-	-	(60,633)	-	9,000	-	9,000
Changes in fair value of available for sale securities	-	-	-	129	-	-	-	-	-	129	-	129
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>242,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(60,633)</b>	<b>205,318</b>	<b>387,304</b>	<b>31,185</b>	<b>418,489</b>
Contributions and distributions for shareholders												
Increase capital	14,427	-	(14,427)	-	-	-	-	-	-	-	-	-
Effect of distribution of dividends to non-controlling	-	-	(3,934)	-	-	-	-	-	-	(3,934)	3,934	-
Share based exercised	-	-	14,427	-	-	-	-	-	-	14,427	-	14,427
Dividends	-	-	-	-	-	-	-	-	-	-	(127,094)	(127,094)
Share based compensations	-	-	1,493	-	-	-	-	-	-	1,493	-	1,493
<b>Total contributions by and distributions to owners of the Parent</b>	<b>14,427</b>	<b>-</b>	<b>(2,441)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,986</b>	<b>(123,160)</b>	<b>(111,174)</b>
<b>At March 31, 2017</b>	<b>3,839,075</b>	<b>(34,966)</b>	<b>953,877</b>	<b>(53,304)</b>	<b>284,960</b>	<b>2,963,532</b>	<b>171,021</b>	<b>1,035,383</b>	<b>205,318</b>	<b>9,364,896</b>	<b>1,734,758</b>	<b>11,099,654</b>

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

# Cosan S.A. Indústria e Comércio

Statements of changes in shareholder 'equity  
For the three months period ended March 31, 2017

(In thousands of Brazilian Reais - R\$)

	Share capital	Treasury share	Other capital reserve	Others equity	Profit reserve				Retained earning	Total	Non-controlling interest	Total equity
					Legal	Statutory reserve	Unrealized earning	Retained earning				
<b>At January 1, 2016</b>	<b>3,822,725</b>	<b>(58,694)</b>	<b>955,326</b>	<b>(184,691)</b>	<b>284,960</b>	<b>2,731,745</b>	<b>171,021</b>	<b>958,374</b>	-	<b>8,680,766</b>	<b>3,688,488</b>	<b>12,369,254</b>
Profit for the period (Restated)	-	-	-	-	-	-	-	-	247,031	247,031	84,268	331,299
Other comprehensive income:												
Loss on cash flow hedge in joint ventures and subsidiary	-	-	-	(27,092)	-	-	-	-	-	(27,092)	-	(27,092)
Foreign currency translation effects	-	-	-	27,868	-	-	-	-	-	27,868	-	27,868
Changes in fair value of available for sale securities	-	-	-	(565)	-	-	-	-	-	(565)	(1,041)	(1,606)
<b>Total comprehensive income for the period</b>	-	-	-	<b>211</b>	-	-	-	-	<b>247,031</b>	<b>247,242</b>	<b>83,227</b>	<b>330,469</b>
Contributions and distributions for shareholders												
Effect of distribution of dividends to non-controlling	-	-	(11,344)	-	-	-	-	-	-	(11,344)	11,344	-
Dividends	-	-	-	-	-	(276,686)	-	-	-	(276,686)	(475,351)	(752,037)
Share based compensations	-	-	2,127	-	-	-	-	-	-	2,127	-	2,127
<b>Total contributions by and distributions to owners of the Parent</b>	-	-	<b>(9,217)</b>	-	-	<b>(276,686)</b>	-	-	-	<b>(285,903)</b>	<b>(464,007)</b>	<b>(749,910)</b>
<b>March 31, 2016 (Restated)</b>	<b>3,822,725</b>	<b>(58,694)</b>	<b>946,109</b>	<b>(184,480)</b>	<b>284,960</b>	<b>2,455,059</b>	<b>171,021</b>	<b>958,374</b>	<b>247,031</b>	<b>8,642,105</b>	<b>3,307,708</b>	<b>11,949,813</b>

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

# Cosan S.A. Indústria e Comércio

## Statement of cash flows

For the three months period ended March 31, 2017 and 2016

(In thousands of Brazilian Reais - R\$)

	Note	Parent Company		Consolidated	
		March 31, 2017	March 31, 2016 (Restated)	March 31, 2017	March 31, 2016 (Restated)
<b>Cash flows from operating activities</b>					
Profit before taxes		188,000	101,277	273,844	306,462
Adjustments for:					
Depreciation and amortization		1,665	1,214	156,591	142,639
Equity in earnings of associates	12	(292,217)	(520,850)	(1,208)	5,116
Equity in earnings of joint ventures	13	43,158	32,701	(255,697)	(441,344)
Losses on disposals assets		-	-	1,621	2,017
Option shares granted		1,493	2,127	1,493	2,127
Provision for legal proceedings		2,801	19,096	4,434	18,813
Indexation charges, interest and exchange, net		48,839	332,167	226,465	527,129
Other		8,873	(238)	24,064	15,462
		<b>2,612</b>	<b>(32,506)</b>	<b>431,607</b>	<b>578,421</b>
Changes in:					
Trade receivables		-	-	10,046	24,256
Inventories		-	-	(5,273)	(13,423)
Recoverable taxes		(11,116)	(3,133)	(47,129)	39,469
Related parties, net		(30,716)	(136,007)	(33,353)	(12,653)
Trade payables		(1,476)	330	(60,058)	(132,866)
Employee benefits		(21,267)	(11,003)	(76,766)	(53,858)
Provision legal proceedings		(446)	2,051	(1,571)	1,236
Payables taxes		9,835	(4,886)	19,450	(45,360)
Judicial deposits		(50)	-	(322)	-
Discontinuing operation		-	-	-	(100)
Post-employment benefits		-	-	(6,827)	(6,284)
Other assets and liabilities, net		250,159	22,807	200,303	(61,778)
		<b>194,923</b>	<b>(129,841)</b>	<b>(1,500)</b>	<b>(261,361)</b>
<b>Net cash generated by(used in) operating activities</b>					
		<b>197,535</b>	<b>(162,347)</b>	<b>430,107</b>	<b>317,060</b>
<b>Cash flows from investing activities</b>					
Capital contribution in associates		-	(7,418)	-	(2,170)
Marketable securities		(8,732)	-	(175)	-
Dividends received from associates		355,089	724,650	-	-
Dividends received from joint venture		-	4,802	279,875	249,653
Put option exercised paid		(275,780)	-	(275,780)	-
Acquisition of property, plant and equipment, intangible assets and investments		(234)	(668)	(70,764)	(104,325)
Discontinuing operation		-	-	-	(100)
		<b>70,343</b>	<b>721,366</b>	<b>(66,844)</b>	<b>143,058</b>
<b>Net cash generated by (used in) investing activities</b>					

# Cosan S.A. Indústria e Comércio

## Statement of cash flows

For the three months period ended March 31, 2017 and 2016

(In thousands of Brazilian Reals - R\$)

<b>Cash flows from financing activities</b>				
Loans, borrowings and debentures raised	-	-	97,221	302,185
Payment of principal on loans, borrowings and debentures	-	-	(236,668)	(261,545)
Payment of interest on loans, borrowings and debentures	-	(3,024)	(173,806)	(177,089)
Related parties	(114,782)	-	-	-
Derivative financial instruments	(160,051)	(24,241)	(167,918)	(12,385)
Dividends paid	-	(282,234)	(153,198)	(760,398)
Stock option exercised subsidiaries	14,427	-	14,427	-
	<b>(260,406)</b>	<b>(309,499)</b>	<b>(619,943)</b>	<b>(909,232)</b>
<b>Net cash used in financing activities</b>				
	<b>7,472</b>	<b>249,520</b>	<b>(256,680)</b>	<b>(449,114)</b>
<b>Increase (decrease) in cash and cash Equivalents</b>				
Cash and cash equivalents at beginning of the period	1,066,930	731,049	3,990,930	3,129,530
Effect of exchange rate fluctuations on cash held	-	-	(9,704)	(20,165)
Cash and cash equivalents at end of period	<b>1,074,402</b>	<b>980,569</b>	<b>3,724,546</b>	<b>2,660,251</b>
<b>Supplemental cash flow information</b>				
Income taxes paid	-	1,237	123	26,290

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

# Cosan S.A. Indústria e Comércio

## Statement of value added

For the three months period ended March 31, 2017 and 2016

(In thousands of Brazilian Reals - R\$)

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016 (Restated)	March 31, 2017	March 31, 2016 (Restated)
<b>Revenue</b>				
Sale of services	-	-	1,962,731	2,434,407
Other operating revenue	(6,650)	3,174	60,214	12,815
Allowance for doubtful accounts	-	-	(5,896)	(6,106)
	<b>(6,650)</b>	<b>3,174</b>	<b>2,017,049</b>	<b>2,441,116</b>
<b>Raw materials acquired from third parties</b>				
Cost of services rendered	-	-	(1,204,577)	(1,384,396)
Materials, energy, third party services, others	(18,317)	(61,219)	(127,068)	(152,077)
	<b>(18,317)</b>	<b>(61,219)</b>	<b>(1,331,645)</b>	<b>(1,536,473)</b>
<b>Gross value added</b>	<b>(24,967)</b>	<b>(58,045)</b>	<b>685,404</b>	<b>904,643</b>
<b>Retention</b>				
Depreciation and amortization	(1,665)	(1,214)	(156,591)	(142,639)
	<b>(1,665)</b>	<b>(1,214)</b>	<b>(156,591)</b>	<b>(142,639)</b>
<b>Net value added</b>	<b>(26,632)</b>	<b>(59,259)</b>	<b>528,813</b>	<b>762,004</b>
<b>Value added transferred in</b>				
Equity in earnings of associates	292,217	520,850	1,208	(5,116)
Equity in earnings of joint venture	(43,158)	(32,701)	255,697	441,344
Financial income	202,874	517,174	271,990	692,426
Profit from discontinuing operations	-	8,350	-	14,953
	<b>451,933</b>	<b>1,013,673</b>	<b>528,895</b>	<b>1,143,607</b>
<b>Value added to be distributed</b>	<b>425,301</b>	<b>954,414</b>	<b>1,057,708</b>	<b>1,905,611</b>
<b>Distribution of value added</b>				
Personnel	10,789	10,256	87,831	84,805
Taxes and contributions	(14,983)	(135,909)	320,585	335,592
Financial expenses	224,177	833,036	412,789	1,153,915
Non-controlling interests	-	-	31,185	84,268
Dividends	-	285,000	-	285,000
Profit from discontinuing operations	205,318	(46,319)	205,318	(52,922)
Profit from continuing operations	-	8,350	-	14,953
	<b>425,301</b>	<b>954,414</b>	<b>1,057,708</b>	<b>1,905,611</b>

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

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

*(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 62.20%.

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) 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.

On February 23, 2017, TPG VI Fundo de Investimento em Participações ("TPG"), a shareholder of Rumo S.A ("Rumo"), exercised its right to exchange 11,479,987 shares issued by Rumo for shares issued by Cosan S.A in pursuant to the shareholders agreement entered into in 2010, subsequently added, between Cosan Logística, TPG VI, GIF, Cosan S.A and the Company. Cosan S.A and GIF agreed to settle financially the stock replacement obligation through of payment of R\$ 275,780 and the shares received were valued at fair value in the amount of R\$ 97,924 and recorded as "other financial assets". The variation between the payment and the fair value of the shares was R \$ 177,856 recognized under "Interest on other liabilities "in the financial result.

### 2 Basis of preparation

#### 2.1 Statement of compliance

The individual and consolidated interim financial statements have been prepared and are being presented 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 Brazilian 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, 2016 and should be read together.

The information notes that did not change significantly compared to December 31, 2016 have not been fully presented in these financial statements.

The relevant information specific to the financial statements, and only them, are being evidenced and that correspond to those used by it in its management.

These interim financial statements were authorized for issue by the Board of Directors on May 05, 2017.

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

(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 in this interim financial statement.

#### 3.1 Basis of consolidation

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

	Direct and indirect interest	
	March 31, 2017	December 31, 2016
<b><u>Directly owned subsidiaries</u></b>		
Comma Oil Chemicals	100,00%	100,00%
Companhia de Gás de São Paulo - COMGÁS	62,66%	62,66%
Cosan Biomassa S.A. <sup>(i)</sup>	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 Produtos Químicos	100,00%	100,00%
Pasadena Empreendimentos e Participações S.A.	100,00%	100,00%
Zip Lube S.A.	100,00%	100,00%

- (i) The Company recorded, in the line with the non-controlling shareholder's obligations, the Put Option, according to the shareholder agreement, for the repurchase of shares of non-controlling shareholders.

### 4 New standards and interpretations not yet adopted

The following new standards and interpretations of standards have been issued by the IASB, but are not in force for the year 2017. Early adoption of standards, although encouraged by the IASB, is not permitted in Brazil by the Accounting Pronouncements Committee (CPC).

#### IFRS 15 - Revenue from Contracts with Customers

The significant impacts related to IFRS 15 may be in the disclosures of the notes to the financial statements and in the policies applied to the control of revenues. Material impacts on revenue recognition are not expected.

#### IFRS 9 - Financial instruments

The application of the new standard may result in a review of the provision for doubtful accounts. The study on possible impacts has not yet been completed.

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### IFRS 16 Leases

The company evaluated all operating leases, which refer to rental agreements, and the effects for disclosure are immaterial. There are no other IFRS standards or IFRIC interpretations that have not come into effect and are expected to have a material impact on the Company.

## 5 Changes adopted

Changes had been adopted by the Company in order to restate the annual consolidated financial statements ended December 31, 2015. Therefore these changes have been impacting the comparative balance of these interim consolidated financial statements.

### (i) Discontinued operation

Due to the partial sale of RADAR segment's shares and as required by IFRS 5 - Non-current assets available for sale and discontinued operations - the Company is restating the presentation of its income statement for the period ended March 31, 2016.

Due to the partial trading of shares in the Radar segment, the Company is altering the presentation of its statements of income for the three-month period ended March 31, 2016, as required by IFRS 5 - Non-current assets available for sale and discontinued operations.

### (ii) Tax installments

During the year 2016, the Company identified an error in the accounting records of tax installments liabilities. Management concluded that the effect of this error had no material impact on the Company's interim financial statements at the end of March 31, 2016.

The impact of both restatements for the period ended March 31, 2016 as follows:

	Parent Company			March 31, 2016 (restated)
	March 31, 2016 (as issued)	Discontinued operation (i)	Correction of error - Tax installment (ii)	
<b>Loss before equity in earnings of investees and financial results</b>	<b>(71,795)</b>	-	-	<b>(71,795)</b>
Equity in earnings of associates	529,200	(8,350)	-	520,850
Equity in earnings of joint ventures	(32,701)	-	-	(32,701)
<b>Equity in earnings of investees</b>	<b>496,499</b>	<b>(8,350)</b>	-	<b>488,149</b>
Financial results	(312,539)	-	(2,538)	(315,077)
<b>Loss before taxes</b>	<b>112,165</b>	<b>(8,350)</b>	<b>(2,538)</b>	<b>101,277</b>
Income tax expense	136,541	-	863	137,404
<b>Loss from continuing operations</b>	<b>248,706</b>	<b>(8,350)</b>	<b>(1,675)</b>	<b>238,681</b>
Profit from discontinued operations, net of tax	-	8,350	-	8,350
<b>Profit for the period</b>	<b>248,706</b>	-	<b>(1,675)</b>	<b>247,031</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

	<b>Consolidated</b>			<b>March 31, 2016 (restated)</b>
	<b>March 31, 2016 (as issued)</b>	<b>Discontinued operation (i)</b>	<b>Correction of error - Tax installment (ii)</b>	
Net sales	1,962,148	(22,912)	-	1,939,236
Cost of sales	(1,201,078)	-	-	(1,201,078)
<b>Gross profit</b>	<b>761,070</b>	<b>(22,912)</b>	<b>-</b>	<b>738,158</b>
Operating expense Gross profit	(420,049)	7,786	-	(412,263)
<b>Income before equity in earnings of investees and financial results</b>	<b>341,021</b>	<b>(15,126)</b>	<b>-</b>	<b>325,895</b>
Equity in earnings of associates	(5,116)	-	-	(5,116)
Equity in earnings of joint ventures	441,344	-	-	441,344
<b>Equity in earnings of investees</b>	<b>436,228</b>	<b>-</b>	<b>-</b>	<b>436,228</b>
Financial results	(449,360)	(3,763)	(2,538)	(455,661)
<b>Loss before taxes</b>	<b>327,889</b>	<b>(18,889)</b>	<b>(2,538)</b>	<b>306,462</b>
Income tax expense	5,085	3,936	863	9,884
<b>Loss from continuing operations</b>	<b>332,974</b>	<b>(14,953)</b>	<b>(1,675)</b>	<b>316,346</b>
Profit from discontinued operations, net of tax	-	14,953	-	14,953
<b>Loss for the period</b>	<b>332,974</b>	<b>-</b>	<b>(1,675)</b>	<b>331,299</b>

## 6 Segment Information

The following segment information is based on the information used by Cosan's senior management to assess the performance of the operating segments and to make decisions with regards to the allocation of resources. This information is prepared on a consistent basis with the accounting policies used in the preparation of the consolidated interim financial statements. Cosan evaluates operating performance based on the measure of EBITDA. A reconciliation of EBITDA to profit (loss) of the period is presented below.

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

March 31, 2017

	Reported segments				Reconciliation			Total consolidated
	Raízen Energia	Raízen Combustíveis	COMGÁS	Moove	Cosan Corporate	Deconsolidated effects IFRS 11	Segment elimination / adjustments	
<b>Statement of profit or loss:</b>								
Net sales	2,913,234	17,698,154	1,146,266	446,697	179	(20,611,388)	-	1,593,142
Domestic market	1,616,999	17,698,154	1,146,266	432,171	179	(19,315,153)	-	1,578,616
External market	1,296,235	-	-	14,526	-	(1,296,235)	-	14,526
Cost of sales	(2,232,144)	(16,746,925)	(720,119)	(313,987)	(1,068)	18,979,069	-	(1,035,174)
Gross profit	681,090	951,229	426,147	132,710	(889)	(1,632,319)	-	557,968
Selling expenses	(144,302)	(314,101)	(167,787)	(87,389)	(52)	458,403	-	(255,228)
General and administrative expenses	(158,760)	(116,242)	(77,113)	(20,219)	(39,585)	275,002	-	(136,917)
Other income (expenses), net	(85,294)	(45,777)	(581)	148	(13,413)	131,071	-	(13,846)
Financial results	135,062	(172,116)	(41,424)	(19,799)	(73,815)	37,054	-	(135,038)
Financial expenses	(220,245)	(50,271)	(215,023)	(7,288)	(201,248)	270,516	-	(423,559)
Financial Income	173,965	44,600	173,777	3,923	89,026	(218,565)	-	266,726
Foreign exchange losses, net	(25,387)	109,220	28,714	3,921	104,253	(83,833)	-	136,888
Derivatives	206,729	(275,665)	(28,892)	(20,355)	(65,846)	68,936	-	(115,093)
Equity in earnings of associates	(37,277)	-	-	(1,579)	56,261	37,277	(53,474)	1,208
Equity in earnings of joint ventures	-	-	-	-	255,697	-	-	255,697
Income tax (expense)benefit	(77,573)	(89,399)	(55,714)	(2,738)	21,111	166,972	-	(37,341)
<b>Profit (loss) from continuing operations</b>	<b>312,946</b>	<b>213,594</b>	<b>83,528</b>	<b>1,134</b>	<b>205,315</b>	<b>(526,540)</b>	<b>(53,474)</b>	<b>236,503</b>
<b>Net income attributable to:</b>								
Owners of the Parent	312,946	199,896	52,343	1,134	205,315	(512,842)	(53,474)	205,318
Non-controlling interests	-	13,698	31,185	-	-	(13,698)	-	31,185
	<b>312,946</b>	<b>213,594</b>	<b>83,528</b>	<b>1,134</b>	<b>205,315</b>	<b>(526,540)</b>	<b>(53,474)</b>	<b>236,503</b>
<b>Other select data:</b>								
Depreciation and amortization	448,730	150,170	132,747	19,653	4,191	(598,900)	-	156,591
EBITDA	704,187	625,279	313,413	43,324	262,210	(1,329,466)	(53,474)	565,473
Additions to PP&E, intangible and biological assets	889,745	258,825	68,720	1,736	308	(1,148,570)	-	70,764
<b>Reconciliation of EBITDA:</b>								
Profit (loss) for the period	312,946	213,594	83,528	1,134	205,315	(526,540)	(53,474)	236,503
Income tax and social contribution	77,573	89,399	55,714	2,738	(21,111)	(166,972)	-	37,341
Financial results, net	(135,062)	172,116	41,424	19,799	73,815	(37,054)	-	135,038
Depreciation and amortization	448,730	150,170	132,747	19,653	4,191	(598,900)	-	156,591
<b>EBITDA</b>	<b>704,187</b>	<b>625,279</b>	<b>313,413</b>	<b>43,324</b>	<b>262,210</b>	<b>(1,329,466)</b>	<b>(53,474)</b>	<b>565,473</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

March 31, 2016 (Restated)

	Reported segments					Reconciliation			Total consolidated
	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Moove	Cosan Corporate	Deconsolidated effects IFRS 11	Segment elimination / adjustments	
<b>Statement of profit or loss:</b>									
Net sales	3,866,279	16,391,752	1,460,077	-	479,125	33	(20,258,031)	-	1,939,235
Domestic market	1,679,105	16,391,752	1,460,077	-	365,933	33	(18,070,857)	-	1,826,043
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	-	107,181	(517)	(1,990,357)	-	738,157
Selling expenses	(188,404)	(357,096)	(154,583)	-	(83,974)	-	545,500	-	(238,557)
General and administrative expenses	(163,286)	(101,209)	(73,326)	-	(18,793)	(41,961)	264,495	-	(134,080)
Other income (expenses), net	68,479	80,718	(2,017)	-	1,701	(39,310)	(149,197)	-	(39,626)
Financial results	209,241	(132,961)	(96,076)	-	(18,914)	(340,671)	(76,280)	-	(455,661)
Financial expenses	(262,775)	(43,355)	(209,989)	-	(8,797)	(277,733)	306,130	-	(496,519)
Financial Income	162,288	59,551	113,554	-	965	70,395	(221,839)	-	184,914
Foreign exchange losses, net	(15,174)	358,297	123,854	-	17,420	366,288	(343,123)	-	507,562
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)	105,842	33,763	(110,093)	(5,116)
Equity in earnings of joint ventures	-	-	-	-	-	441,344	-	-	441,344
Income tax (expense)benefit	(368,616)	(109,974)	(104,635)	-	567	113,952	478,590	-	9,884
<b>Profit (loss) from continuing operations</b>	<b>720,324</b>	<b>173,162</b>	<b>200,856</b>	<b>-</b>	<b>(13,097)</b>	<b>238,679</b>	<b>(893,486)</b>	<b>(110,093)</b>	<b>316,345</b>
<b>Profit (loss) from discontinued operations, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,953</b>	<b>-</b>	<b>8,350</b>	<b>-</b>	<b>(8,350)</b>	<b>14,953</b>
<b>Net income attributable to:</b>									
Owners of the Parent	720,324	163,097	123,193	8,349	(13,097)	247,029	(883,421)	(118,443)	247,031
Non-controlling interests	-	10,065	77,663	6,604	-	-	(10,065)	-	84,267
	<b>720,324</b>	<b>173,162</b>	<b>200,856</b>	<b>14,953</b>	<b>(13,097)</b>	<b>247,029</b>	<b>(893,486)</b>	<b>(118,443)</b>	<b>331,298</b>
<b>Other select data:</b>									
Depreciation and amortization	643,442	163,619	119,047	-	20,629	2,963	(807,061)	-	142,639
EBITDA	1,523,141	579,716	520,614	-	25,879	468,361	(2,102,857)	(110,093)	904,761
Additions to PP&E, intangible and biological assets	810,634	179,164	94,139	-	9,348	838	(989,798)	-	104,325
<b>Reconciliation of EBITDA:</b>									
Profit (loss) for the period	720,324	173,162	200,856	-	(13,097)	238,679	(893,486)	(110,093)	316,345
Income tax and social contribution	368,616	109,974	104,635	-	(567)	(113,952)	(478,590)	-	(9,884)
Financial results, net	(209,241)	132,961	96,076	-	18,914	340,671	76,280	-	455,661
Depreciation and amortization	643,442	163,619	119,047	-	20,629	2,963	(807,061)	-	142,639
<b>EBITDA</b>	<b>1,523,141</b>	<b>579,716</b>	<b>520,614</b>	<b>-</b>	<b>25,879</b>	<b>468,361</b>	<b>(2,102,857)</b>	<b>(110,093)</b>	<b>904,761</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

March 31, 2017

Statement of financial position:	Reported segments				Reconciliation			Total consolidated
	Raízen Energia	Raízen Combustíveis	COMGÁS	Moove	Cosan Corporate	Deconsolidated effects IFRS 11	Segment elimination	
Cash and cash equivalents	3,437,612	517,789	1,826,489	79,788	1,818,269	(3,955,401)	-	3,724,546
Marketable securities	-	-	185,904	2,607	192,580	-	-	381,091
Trade receivables	371,930	1,974,343	495,264	247,691	11	(2,346,273)	-	742,966
Derivative financial instruments	582,380	55,102	391,839	-	440,727	(637,482)	-	832,566
Inventories	647,663	1,695,313	112,954	236,013	2,495	(2,342,976)	-	351,462
Other financial assets	737,089	-	-	-	196,308	(737,089)	-	196,308
Other current assets	1,471,489	1,262,040	123,145	124,205	279,815	(2,733,529)	(61,061)	466,104
Other non-current assets	3,672,657	998,368	300,252	(45,716)	1,501,065	(4,671,025)	(7,886)	1,747,715
Investment in associates	244,429	-	-	17,253	4,147,865	(244,429)	(3,924,406)	240,712
Investment in joint ventures	-	-	-	-	8,738,569	-	-	8,738,569
Biological assets	1,276,321	-	-	-	-	(1,276,321)	-	-
Property, plant and equipment	11,215,926	2,374,314	-	234,239	147,603	(13,590,240)	-	381,842
Intangible assets and goodwill	3,234,196	4,562,169	8,487,651	756,308	6,511	(7,796,365)	-	9,250,470
Loans, borrowings and debenture	(10,325,687)	(1,007,144)	(3,988,800)	(418,685)	(4,454,109)	11,332,831	-	(8,861,594)
Derivative financial instruments	(368,228)	(462,442)	-	(30,831)	(286,518)	830,670	-	(317,349)
Trade payables	(954,161)	(1,057,933)	(1,214,705)	(207,411)	(4,857)	2,012,094	-	(1,426,973)
Employee benefits payable	(361,806)	(106,432)	(31,334)	(16,009)	(10,513)	468,238	-	(57,856)
Preferred shareholders payable in subsidiaries	-	-	-	-	(1,809,176)	-	-	(1,809,176)
Other current liabilities	(797,065)	(1,619,483)	(92,589)	(136,238)	(304,828)	2,416,548	68,947	(464,708)
Other non-current liabilities	(1,318,720)	(4,155,496)	(1,649,182)	(130,939)	(1,236,919)	5,474,216	-	(3,017,040)
Total assets (net of liabilities) allocated by segment	12,766,025	5,030,508	4,946,888	712,275	9,364,898	(17,796,533)	(3,924,406)	11,099,655
<b>Total assets</b>	<b>26,891,692</b>	<b>13,439,438</b>	<b>11,923,498</b>	<b>1,652,388</b>	<b>17,471,818</b>	<b>(40,331,130)</b>	<b>(3,993,353)</b>	<b>27,054,351</b>
Equity attributable to :								
Owners of the parent	12,766,988	4,823,816	4,946,888	712,275	9,364,898	(17,590,804)	(5,659,164)	9,364,897
Non-controlling interests	(963)	206,692	-	-	-	(205,729)	1,734,758	1,734,758
<b>Total shareholders' equity</b>	<b>12,766,025</b>	<b>5,030,508</b>	<b>4,946,888</b>	<b>712,275</b>	<b>9,364,898</b>	<b>(17,796,533)</b>	<b>(3,924,406)</b>	<b>11,099,655</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

Statement of financial position:	Reported segments					Cosan Corporate	Deconsolidated effects IFRS 11	Reconciliation Segment elimination	December 31, 2016
	Raízen Energia	Raízen Combustíveis	COMGÁS	Moove	Total consolidated				
Cash and cash equivalents	2,787,588	757,140	2,108,253	203,855	1,678,822	(3,544,728)	-	3,990,930	
Marketable securities	-	-	202,568	10,958	157,641	-	-	371,167	
Trade receivables	682,813	2,518,713	513,423	240,059	487	(3,201,526)	-	753,969	
Derivative financial instruments	1,243,260	178,060	437,137	-	310,274	(1,421,320)	-	747,411	
Inventories	2,293,492	2,108,825	114,745	228,941	2,487	(4,402,317)	-	346,173	
Other financial assets	711,453	-	-	-	70,487	(711,453)	-	70,487	
Other current assets	3,030,674	1,456,418	80,758	141,972	650,979	(4,487,092)	(79,848)	793,861	
Other non-current assets	2,852,423	1,089,809	307,306	26,036	1,436,626	(3,942,232)	(8,111)	1,761,857	
Investment in associates	393,159	-	-	19,400	4,395,769	(393,159)	(4,175,069)	240,100	
Investment in joint ventures	-	-	-	-	8,506,395	-	-	8,506,395	
Biological assets	1,119,623	-	-	-	-	(1,119,623)	-	-	
Property, plant and equipment	10,525,166	2,379,438	-	238,346	150,983	(12,904,604)	-	389,329	
Intangible assets and goodwill	3,224,303	4,532,282	8,550,984	770,118	7,048	(7,756,585)	-	9,328,150	
Loans, borrowings and debenture	(11,556,950)	(1,043,995)	(4,070,075)	(471,661)	(4,596,393)	12,600,945	-	(9,138,129)	
Derivative financial instruments	(789,193)	(648,070)	-	(35,155)	(248,386)	1,437,263	-	(283,541)	
Trade payables	(1,147,089)	(1,148,013)	(1,226,634)	(232,690)	(8,246)	2,295,102	-	(1,467,570)	
Employee benefits payable	(314,989)	(92,573)	(63,904)	(30,187)	(26,918)	407,562	-	(121,009)	
Preferred shareholders payable in subsidiaries	-	-	-	-	(1,769,427)	-	-	(1,769,427)	
Other current liabilities	(1,507,193)	(2,245,227)	(211,900)	(168,995)	(369,298)	3,752,420	87,958	(662,235)	
Other non-current liabilities	(1,367,686)	(4,714,035)	(1,549,441)	(132,414)	(1,383,724)	6,081,721	-	(3,065,579)	
Total assets (net of liabilities) allocated by segment	12,180,854	5,128,772	5,193,220	808,583	8,965,606	(17,309,626)	(4,175,070)	10,792,339	
<b>Total assets</b>	<b>28,863,954</b>	<b>15,020,685</b>	<b>12,315,174</b>	<b>1,879,685</b>	<b>17,367,998</b>	<b>(43,884,639)</b>	<b>(4,263,028)</b>	<b>27,299,829</b>	
Equity attributable to :									
Owners of the parent	12,181,816	4,941,504	5,193,220	808,583	8,965,606	(17,123,320)	(6,001,803)	8,965,606	
Non-controlling interests	(962)	187,268	-	-	-	(186,306)	1,826,733	1,826,733	
<b>Total shareholders' equity</b>	<b>12,180,854</b>	<b>5,128,772</b>	<b>5,193,220</b>	<b>808,583</b>	<b>8,965,606</b>	<b>(17,309,626)</b>	<b>(4,175,070)</b>	<b>10,792,339</b>	

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### Net Sales by segment:

	<u>March, 31 2017</u>	<u>March, 31 2016</u>
<b>Reported segment</b>		
<b>Raízen Energia</b>		
Ethanol	1,530,562	1,936,912
Sugar	1,291,726	1,846,288
Cogeneration	41,098	43,881
Other	49,851	39,198
	<u>2,913,237</u>	<u>3,866,279</u>
<b>Raízen Combustíveis</b>		
Fuels	17,698,154	16,391,752
	<u>17,698,154</u>	<u>16,391,752</u>
<b>COMGÁS</b>		
Industrial	760,263	1,006,065
Residential	151,485	155,406
Thermo generation	1	51,721
Cogeneration	47,723	54,523
Automotive	51,256	47,150
Commercial	67,679	53,327
Construction revenue	56,327	66,192
Other	11,533	25,693
	<u>1,146,267</u>	<u>1,460,077</u>
<b>Moove</b>		
Finished goods	381,223	425,912
Basic oil	57,521	48,942
Other	7,952	4,271
	<u>446,696</u>	<u>479,125</u>
<b>Reconciliation</b>		
<b>Cosan Corporate</b>		
Other	179	33
	<u>179</u>	<u>33</u>
IFRS 11 - Deconsolidated of adjustments / eliminations joint ventures and eliminations	(20,611,391)	(20,258,031)
<b>Total</b>	<u><u>1,593,142</u></u>	<u><u>1,939,235</u></u>

## 7 Cash and cash equivalents

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Cash and bank accounts	224	525	34,710	53,654
Savings account	-	-	338,169	409,333
Financial Investments	1,074,178	1,066,405	3,351,667	3,527,943
	<u>1,074,402</u>	<u>1,066,930</u>	<u>3,724,546</u>	<u>3,990,930</u>

Financial investments are as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
<b>Investment fund</b>				
Repurchase agreements	946,889	944,626	2,664,226	2,840,760
Bank certificate of deposits - CDB	126,289	120,755	355,334	363,147
	<u>1,073,178</u>	<u>1,065,381</u>	<u>3,019,560</u>	<u>3,203,907</u>
<b>Bank investments</b>				
Bank certificate of deposits - CDB	-	-	331,107	323,036
Other	1,000	1,024	1,000	1,000
	<u>1,000</u>	<u>1,024</u>	<u>332,107</u>	<u>324,036</u>
	<u>1,074,178</u>	<u>1,066,405</u>	<u>3,351,667</u>	<u>3,527,943</u>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### 8 Marketable securities

	Parent company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Government security <sup>(i)</sup>	135,462	123,399	381,091	371,167
	<b>135,462</b>	<b>123,399</b>	<b>381,091</b>	<b>371,167</b>

- (i) Sovereign debt securities with interest connected to SELIC issued by the National Treasury with daily liquidity in the secondary market

### 9 Trade receivables

	Consolidated	
	March 31, 2017	December 31, 2016
Domestic – Brazilian Reais	804,581	813,727
Export – Foreign currency	17,686	11,942
Allowance for doubtful accounts	(79,301)	(71,700)
	<b>742,966</b>	<b>753,969</b>
<b>Current</b>	<b>704,084</b>	<b>713,468</b>
<b>Non-current</b>	<b>38,882</b>	<b>40,501</b>

### 10 Other current tax receivables

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
ICMS - State VAT	-	-	95,233	102,153
Credit installment	37,434	36,708	37,434	36,708
PIS / COFINS - Revenue tax	3,720	3,720	23,400	23,671
Other	3	29	11,534	11,318
	<b>41,157</b>	<b>40,457</b>	<b>167,601</b>	<b>173,850</b>
<b>Current</b>	<b>3,723</b>	<b>3,749</b>	<b>88,541</b>	<b>94,806</b>
<b>Non-current</b>	<b>37,434</b>	<b>36,708</b>	<b>79,060</b>	<b>79,044</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### 11 Related parties

#### a) Receivables from and payables to related parties:

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>Current asset</b>				
<b>Corporate operation / Agreements</b>				
Raízen Energia S.A. <sup>(iii)</sup>	25,958	10,638	29,137	11,958
Rumo S.A.	19,380	17,391	21,769	17,777
Aguassanta Participações S.A.	198	6,342	198	6,342
Cosan Biomassa S.A.	3,045	2,330	-	-
Cosan Limited	797	819	797	819
Cosan Lubrificantes e Especialidades	1,418	803	-	-
Cosan Logística	-	15	-	1,442
Radar Propriedades Agrícolas S.A.	4	7	514	517
Raízen Combustíveis S.A.	201	1	1,392	1,213
Other	1,179	490	940	517
	<b>52,180</b>	<b>38,836</b>	<b>54,747</b>	<b>40,585</b>
<b>Financial operations</b>				
Raízen Energia S.A.	-	9,672	-	9,672
	<b>-</b>	<b>9,672</b>	<b>-</b>	<b>9,672</b>
	<b>52,180</b>	<b>48,508</b>	<b>54,747</b>	<b>50,257</b>
<b>Non-current assets</b>				
<b>Receivables under the framework agreement</b>				
Raízen Energia S.A.	85,081	114,473	85,081	114,473
Janus Brasil Participações S.A.	28,705	28,705	28,705	28,705
	<b>113,786</b>	<b>143,178</b>	<b>113,786</b>	<b>143,178</b>
<b>Financial operations</b>				
Rezende Barbosa	35,944	38,944	35,944	38,944
Cosan Limited	-	-	24,561	25,113
	<b>35,944</b>	<b>38,944</b>	<b>60,505</b>	<b>64,057</b>
<b>Corporate restructuring</b>				
Other	8,354	7,846	1,766	1,618
	<b>158,084</b>	<b>189,968</b>	<b>176,057</b>	<b>208,853</b>
	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>Current liabilities</b>				
<b>Corporate operations / Agreements</b>				
Raízen Energia S.A.	106,953	128,398	114,388	141,594
Cosan Lubrificantes e especialidades	86,148	86,148	-	-
Raízen Combustíveis S.A.	8,139	8,232	11,510	7,473
Radar Propriedades Agrícolas S.A.	516	516	516	516
Rumo S.A.	2,090	439	2,174	524
	<b>203,846</b>	<b>223,733</b>	<b>128,588</b>	<b>150,107</b>
<b>Financial operations</b>				
Cosan Overseas Limited	20,473	21,059	-	-
Cosan Luxembourg S.A.	16,273	62,014	-	-
	<b>36,746</b>	<b>83,073</b>	<b>-</b>	<b>-</b>
	<b>240,592</b>	<b>306,806</b>	<b>128,588</b>	<b>150,107</b>
<b>Non-current liabilities</b>				
<b>Financial operations</b>				
Cosan Luxembourg S.A.	2,169,842	2,231,663	-	-
Cosan Overseas Limited	1,595,289	1,640,956	-	-
	<b>3,765,131</b>	<b>3,872,619</b>	<b>-</b>	<b>-</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### b) Related party transactions:

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Product sales</b>				
Cosan Logística S.A	-	-	6,584	15,985
Raízen Energia S.A.	-	-	3,739	8,369
Raízen Combustíveis S.A	-	-	2,955	3,257
Other	-	-	-	83
	-	-	<b>13,278</b>	<b>27,694</b>
<b>Purchase of goods / inputs</b>				
Raízen Energia S.A.	-	-	(14)	(19)
Other	-	-	(135)	(126)
	-	-	<b>(149)</b>	<b>(145)</b>
<b>Discontinued operation</b>				
Raízen Energia S.A	-	-	-	16,171
	-	-	-	<b>16,171</b>
<b>Shared income (expense)</b>				
Aguassanta Participações S.A.	160	79	160	79
Radar Propriedades Agrícolas S.A.	-	688	-	-
Cosan Biomassa S.A.	714	533	-	-
Grupo Rumo	2,503	2,467	2,503	2,467
Cosan Lubrificantes e Especialidades	2,083	2,263	-	-
Raízen Energia S.A.	(1,558)	(1,077)	(10,415)	(9,390)
Other	-	-	-	-
	<b>3,902</b>	<b>4,953</b>	<b>(7,752)</b>	<b>(6,844)</b>
<b>Financial result</b>				
Usina Santa Luiza	(204)	(201)	(204)	(201)
Cosan Limited	(23)	(37)	122	104
Cosan Luxembourg S.A.	44,223	215,406	-	-
Pasadena Empreed. Partic. S.A.	175	164	-	-
Cosan Overseas Limited	13,857	135,392	-	-
Raízen Energia S.A.	284	361	284	361
Other	-	(17)	-	(2)
	<b>58,312</b>	<b>351,068</b>	<b>202</b>	<b>262</b>

### c) Officers' and directors' compensation

The fixed and variable remuneration of key persons, including directors and members of the board, are recorded in the consolidated income statement as follows:

	March 31, 2017	March 31, 2016
Short-term benefits to employees and managers	20,173	8,876
Post-employment benefits	182	92
Other long-term benefits	130	59
Stock option expense	1,917	1,744
	<b>22,402</b>	<b>10,771</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### 12 Investments in associates

#### a) Information on associates and subsidiaries

	Companhia de Gás de São Paulo – “COMGÁS”	Cosan Biomassa (e)	Cosan Global	Cosan Investimentos e Participações S.A.	Cosan Lubrificantes e Especialidades S.A.	Cosan Luxembourg S.A.	Radar II Propriedades Agrícolas S.A. (a)	Radar Propriedades Agrícolas S.A.(b)	Tellus Brasil Participações S.A (c)	Janus Brasil Participações S.A. (d)	Other (e)	Total
Shares issued by the investee	127,313,301	149,289,282	1	3,778,868,643	290,441	500,000	81,440,221	1,735,703	65,957,282	1,907,000	-	
Shares held by Cosan	79,777,349	149,289,282	1	3,778,868,643	290,437	500,000	24,920,708	531,125	33,638,214	934,430	-	
<b>Cosan ownership interest (%)</b>	<b>62.66%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>51%</b>	<b>51%</b>	<b>51%</b>	<b>51%</b>		
<b>At January 1, 2017</b>	<b>3,366,488</b>	<b>1,503</b>	<b>94,314</b>	<b>6,146,924</b>	<b>32,307</b>	<b>322,308</b>	<b>30,537</b>	<b>55,148</b>	<b>97,002</b>	<b>33,998</b>	<b>(14,566)</b>	<b>10,165,963</b>
Equity income of investee	52,341	(11,677)	(4,190)	288,584	1,721	(36,279)	279	414	961	1,006	(943)	<b>292,217</b>
Equity method adjustments	-	-	-	171,219	-	-	7	33	-	90	1,637	<b>172,986</b>
Dividends	(202,764)	-	-	-	-	-	-	-	-	-	-	<b>(202,764)</b>
Other	(3,934)	-	-	-	-	-	-	-	-	-	172	<b>(3,762)</b>
<b>At March 31, 2017</b>	<b>3,212,131</b>	<b>(10,174)</b>	<b>90,124</b>	<b>6,606,727</b>	<b>34,028</b>	<b>286,029</b>	<b>30,823</b>	<b>55,595</b>	<b>97,963</b>	<b>35,094</b>	<b>(13,700)</b>	<b>10,424,640</b>
<b>Equity income of investee March, 31 2016 (restated)</b>	<b>123,359</b>	<b>(5,857)</b>	<b>(51,054)</b>	<b>467,754</b>	<b>9,983</b>	<b>(10,862)</b>	<b>-</b>	<b>-</b>	<b>(1,989)</b>	<b>866</b>	<b>(11,350)</b>	<b>520,850</b>

(a) The Company has 3% of the economic benefits of this associate as established in the shareholders agreement.

(b) The Company has 2.1% of the economic benefits of this associate as established in the shareholders agreement.

(c) The Company has 5% of the economic benefits of this associate as established in the shareholders agreement.

(d) The Company has 5.1% of the economic benefits of this associate as established in the shareholders agreement.

(e) Investment in subsidiaries with uncovered liabilities.

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### b) Consolidated

	Tellus Brasil Participações S.A.	Novvi Limited Liability Company	Janus Brasil Participações S.A.	Radar Propriedades Agrícolas S.A.	Radar II Propriedades Agrícolas S.A.	Other investments	Total
Shares issued by the investee	65,957,282	200,002	1,907,000	1,735,703	81,440,221	-	
Shares held by Cosan	33,638,214	100,001	934,430	531,125	24,920,708	-	
<b>Cosan ownership interest (%)</b>	<b>51%</b>	<b>33.26%</b>	<b>51.00%</b>	<b>51%</b>	<b>51%</b>	-	
<b>At January 1, 2017</b>	<b>97,002</b>	<b>18,838</b>	<b>33,998</b>	<b>55,148</b>	<b>30,537</b>	<b>4,577</b>	<b>240,100</b>
Equity income of investee	961	(1,579)	1,006	414	279	127	1,208
Equity method adjustments	-	(4,493)	90	33	7	-	(4,363)
Other	-	-	-	-	(25)	3,792	3,767
<b>At March 31, 2017</b>	<b>97,963</b>	<b>12,766</b>	<b>35,094</b>	<b>55,595</b>	<b>30,798</b>	<b>8,496</b>	<b>240,712</b>
<b>Equity income of investee March, 31 2016</b>	<b>(1,989)</b>	<b>(866)</b>	<b>866</b>	<b>-</b>	<b>-</b>	<b>(3,127)</b>	<b>(5,116)</b>

### c) Information in the non-controlling interests in subsidiaries of the Company

	Companhia de Gás de São Paulo - "COMGÁS"	Radar-discontinued operation	Total
Shares issued by the investee	127,313,301	-	
Shares held by Cosan	47,535,952	-	
Cosan ownership interest (%)	37.34%	-	
<b>At January 1, 2017</b>	<b>1,826,733</b>	<b>-</b>	<b>1,826,733</b>
Equity in earnings of joint ventures	31,185	-	31,185
Dividends	(127,094)	-	(127,094)
Other	3,934	-	3,934
<b>At March 31, 2017</b>	<b>1,734,758</b>	<b>-</b>	<b>1,734,758</b>
<b>Equity income of investee March, 31 2016</b>	<b>77,665</b>	<b>6,603</b>	<b>84,268</b>

## 13 Investments in joint ventures

	Consolidated		Total
	Raízen Combustíveis S.A.	Raízen Energia S.A.	
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%	
<b>At January 1, 2017</b>	<b>3,190,821</b>	<b>5,315,574</b>	<b>8,506,395</b>
Equity in earnings of joint venture	99,589	156,108	255,697
Equity method adjustments	(4,001)	175,220	171,219
Interest on capital	(17,000)	-	(17,000)
Dividends	(139,000)	(38,742)	(177,742)
<b>December 31, 2017</b>	<b>3,130,409</b>	<b>5,608,160</b>	<b>8,738,569</b>

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in Segment report (note 6).

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, 2017.

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### 14 Property, plant and equipment

	Consolidated					Parent Company
	Land, buildings and improvements	Machinery, equipment and facilities	Construction in progress	Other	Total	Total
<b>Cost</b>						
At January 1, 2017	243,054	186,705	40,020	56,315	526,094	34,774
Additions	-	-	1,044	42	1,086	196
Transfers (i)	228	6,262	(6,726)	(13,226)	(13,462)	(3)
<b>At March 31, 2017</b>	<b>243,282</b>	<b>192,967</b>	<b>34,338</b>	<b>43,131</b>	<b>513,718</b>	<b>34,967</b>
<b>Cost</b>						
At January 1, 2017	(40,993)	(57,965)	-	(37,807)	(136,765)	(13,197)
Additions	(2,448)	(4,681)	-	(1,378)	(8,507)	(1,062)
Transfers (i)	-	(879)	-	14,275	13,396	-
<b>At March 31, 2017</b>	<b>(43,441)</b>	<b>(63,525)</b>	<b>-</b>	<b>(24,910)</b>	<b>(131,876)</b>	<b>(14,259)</b>
<b>At January 1, 2017</b>	<b>202,061</b>	<b>128,740</b>	<b>40,020</b>	<b>18,508</b>	<b>389,329</b>	<b>21,577</b>
<b>At March 31, 2017</b>	<b>199,841</b>	<b>129,442</b>	<b>34,338</b>	<b>18,221</b>	<b>381,842</b>	<b>20,708</b>

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

### 15 Intangible assets and goodwill

	Consolidated					Parent company	
	Goodwill	Concession rights - COMGAS	Trademarks	Customer relationships	Other	Total	Total
<b>Cost:</b>							
At January 1, 2017	614,808	9,349,819	252,474	946,824	252,465	11,416,390	13,912
Additions	-	58,368	-	10,862	6,547	75,777	30
Disposal	-	(11,313)	-	(2,218)	-	(13,531)	-
Transfers (i)	-	95	-	(8,008)	7,997	84	(1,767)
<b>At March 31, 2017</b>	<b>614,808</b>	<b>9,396,969</b>	<b>252,474</b>	<b>947,460</b>	<b>267,009</b>	<b>11,478,720</b>	<b>12,175</b>
<b>Amortization</b>							
At January 1, 2017	-	(1,109,298)	(182,616)	(668,695)	(127,631)	(2,088,240)	(7,291)
Additions	-	(97,798)	(5,707)	(33,784)	(10,932)	(148,221)	(603)
Disposals	-	6,292	-	1,936	-	8,228	-
Transfers (i)	-	-	-	464	(481)	(17)	1,770
<b>At March 31, 2017</b>	<b>-</b>	<b>(1,200,804)</b>	<b>(188,323)</b>	<b>(700,079)</b>	<b>(139,044)</b>	<b>(2,228,250)</b>	<b>(6,124)</b>
<b>At January 1, 2017</b>	<b>614,808</b>	<b>8,240,521</b>	<b>69,858</b>	<b>278,129</b>	<b>124,834</b>	<b>9,328,150</b>	<b>6,621</b>
<b>At March 31, 2017</b>	<b>614,808</b>	<b>8,196,165</b>	<b>64,151</b>	<b>247,381</b>	<b>127,965</b>	<b>9,250,470</b>	<b>6,051</b>

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

## Cosan S.A. Indústria e Comércio

### Notes to the interim financial statements

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

#### Capitalization of borrowing costs

Capitalized borrowing costs for period ended on March 31, 2017, amounted to R\$ 2,136 (R\$ 5,182 for period ended on March 31, 2016), 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 10.41% p.a. for the period ended on March 31, 2017 (13.94% p.a. on March 31, 2016).

<b>Intangible assets (excluding goodwill)</b>	<b>Annual rate of amortization</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Concession intangible asset - COMGÁS	Over the concession term	8,196,165	8,240,521
Trademarks		-	
<i>Mobil</i>	10.00%	39,947	45,654
<i>Comma</i>	-	24,204	24,204
		<b>64,151</b>	<b>69,858</b>
Relationship with customers:		-	
Comgás	20.00%	213,963	233,971
Lubricants	6.00%	33,418	44,158
		<b>247,381</b>	<b>278,129</b>
Other		-	
Software license	20.00%	114,210	119,052
Other		13,755	5,782
		<b>127,965</b>	<b>124,834</b>
<b>Total</b>		<b>8,635,662</b>	<b>8,713,342</b>

During the period ended March 31, 2016, no impairment indicators were identified that would trigger the need for an impairment test.

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### 16 Loans, borrowings and debentures

Description	Interest		Consolidated		Maturity
	Index	Annual interest <sup>(i)</sup>	March 31, 2017	December 31, 2016	
<b>Loan and borrowings</b>					
BNDES	TJ462	10.43%	608,255	651,371	Oct/2020
	Selic	14.20%	308,393	313,395	Jun/2023
	TJLP	9.78%	115,427	137,130	Jun/2023
EIB	US\$ + LIBOR	2.51%	568,816	612,961	Sep/2021
FINAME	Fixed	5.50%	90	105	Sep/2018
FINEP	Fixed	5.00%	102,259	109,233	Nov/2020
Foreign loans	LIBOR Sterling	3.74%	217,151	218,232	Dec/2019
Perpetual Notes	US\$	8.25%	1,604,168	1,650,089	-
Resolution 4131	US\$	3.80%	129,585	133,957	Oct/2020
	US\$ + LIBOR	2.40%	395,034	407,306	Mar/2018
	US\$ + LIBOR	3.27%	31,889	32,798	Apr/2017
Senior Notes Due 2018	Fixed	9.50%	164,215	168,163	Mar/2018
Senior Notes Due 2023	US\$	5.00%	308,964	322,062	Jan/2023
Senior Notes Due 2027	US\$	7.00%	2,213,084	2,304,384	Jan/2027
Working capital	CDI + 0.31% p.m.	16.37%	18,936	9,988	Dec/2017
	CDI + 0.33% p.m.	16.65%	10,061	-	Mar/2018
Secured account	118% of CDI	15.45%	22,918	22,604	Apr/2017
FINIMP	US\$ + Libor Tri	3.52%	39,139	40,798	Jun/2017
Other	US\$ + Libor Tri	4.03%	10,334	55,641	Apr/2017
			<b>6,868,718</b>	<b>7,190,217</b>	
Non-convertible debentures			1,992,876	1,947,912	
<b>Total</b>			<b>8,861,594</b>	<b>9,138,129</b>	
<b>Current</b>			<b>1,436,914</b>	<b>936,000</b>	
<b>Non-current</b>			<b>7,424,680</b>	<b>8,202,129</b>	

(i) As at March 31, 2017.

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

	March 31, 2017	December 31, 2016
US Dollar	5,301,012	5,559,995
Brazilian Real	3,343,431	3,359,901
Pound Sterlind	217,151	218,233
	<b>8,861,594</b>	<b>9,138,129</b>

Non-current loans have the following maturities:

	March 31, 2017	December 31, 2016
13 to 24 months	888,528	1,466,631
25 to 36 months	651,989	660,387
37 to 48 months	685,744	768,126
49 to 60 months	189,511	207,663
61 to 72 months	538,635	151,689
73 to 84 months	716,249	1,110,467
85 to 96 months	81,783	60,961
Thereafter	3,672,241	3,776,205
	<b>7,424,680</b>	<b>8,202,129</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### Debentures

Description	Issue	Series	Quantity	Interest		March 31, 2017	December 31, 2016
				Index	Annual interest		
<b>Non-convertible debentures</b>							
9/15/2013	3 <sup>rd</sup>	1 <sup>st</sup>	128,197	CDI	0.90%	128,953	133,465
9/15/2013	3 <sup>rd</sup>	2 <sup>nd</sup>	269,338	IPCA	5.10%	356,394	348,468
9/15/2013	3 <sup>rd</sup>	3 <sup>rd</sup>	142,465	IPCA	5.60%	190,308	184,349
Transaction cost	3 <sup>rd</sup>					(3,004)	(3,352)
12/15/2015	4 <sup>th</sup>	1 <sup>st</sup>	269,620	IPCA	7.14%	296,924	288,988
12/15/2015	4 <sup>th</sup>	2 <sup>nd</sup>	242,374	IPCA	7.48%	267,166	259,820
12/15/2015	4 <sup>th</sup>	3 <sup>rd</sup>	79,900	IPCA	7.36%	88,043	85,647
Transaction cost	4 <sup>th</sup>					(9,059)	(9,502)
12/28/2016	5 <sup>th</sup>	Only	675,000	IPCA	5.86%	692,000	669,357
Transaction cost	5 <sup>th</sup>					(14,849)	(9,328)
						<b>1,992,876</b>	<b>1,947,912</b>
<b>Current</b>						87,613	71,443
<b>Non-current</b>						1,905,263	1,876,469
						<b>1,992,876</b>	<b>1,947,912</b>

On March 31, 2017, all debts with defined maturities denominated in US dollars have exchange rate risk protection through derivative financial instruments. See details in note 25.

### Financial Covenants

The Company and its subsidiaries are subject to certain restrictive clauses in most of the loan and financing agreements, based on certain financial and non-financial indicators.

For the three-month period ended March 31, 2017, the Company and its subsidiaries were in compliance with all debt financial covenants.

## 17 Trade payables

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Natural gas suppliers	-	-	1,410,272	1,377,528
Judicial deposits <sup>(i)</sup>	-	-	(294,976)	(294,976)
Materials and service suppliers	2,113	3,330	311,677	385,018
	<b>2,113</b>	<b>3,330</b>	<b>1,426,973</b>	<b>1,467,570</b>

- (i) There is a judicial discussion between the subsidiary COMGÁS and its gas supplier. The gas supplier is charging different prices comparing to the gas supply market. On March 31, 2017, the balance of judicial discussion is R\$ 1,056,655 (R\$ 1,045,311 on December 31, 2016). The amount is secured by judicial deposit R\$ 294,976 (R\$ 294,976 on December 31, 2016) and the guaranteed value through surety is of R\$ 761,679 (R\$ 750,335 on December 31, 2016).

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### 18 Other taxes payable

	Parent Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Tax amnesty and refinancing program - Refis	194,199	191,856	194,199	191,856
COFINS - Revenue tax	4,023	21,568	32,557	48,181
PIS - Revenue tax	701	4,512	6,833	10,230
INSS - Social security	617	725	987	1,103
Other	397	492	13,542	30,612
ICMS – State VAT	1	1	84,247	82,293
	<b>199,938</b>	<b>219,154</b>	<b>332,365</b>	<b>364,275</b>
<b>Current</b>	<b>60,661</b>	<b>82,434</b>	<b>193,088</b>	<b>227,555</b>
<b>Non-current</b>	<b>139,277</b>	<b>136,720</b>	<b>139,277</b>	<b>136,720</b>

### 19 Income tax and social contribution

#### a) Reconciliation of income and social contribution tax expenses

	Parent company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Profit before taxes	188,000	101,277	273,844	306,462
Income tax and social contribution at nominal rate (34%)	(63,920)	(34,434)	(93,107)	(104,197)
<i>Adjustments to determine the effective rate</i>				
Equity method investments (nontaxable income)	84,680	165,971	87,348	148,318
Non-deductible expenses (donations, gifts, etc.)	(2,244)	(69)	(5,976)	(2,135)
Stock options	(508)	(723)	(508)	(723)
Interest capital - benefit	-	-	(5,780)	(5,610)
Out of period carryforward tax losses (reversals)	-	-	(7,888)	(193)
Differences in tax rates on earnings / losses of overseas companies	-	-	(4,380)	(30,453)
Differences in tax rates on entities under Brazilian presumed profits tax regime	-	-	4	-
Compensation action	-	1,398	-	1,398
Other	(690)	5,261	(7,054)	3,479
<b>Income tax and social contribution expense (current and deferred)</b>	<b>17,318</b>	<b>137,404</b>	<b>(37,341)</b>	<b>9,884</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### b) Deferred income tax assets and liabilities

	Parent Company				December 31, 2016
	At March 31, 2017			Total	
	Base	IRPJ	CSLL		
<b>Tax loss carryforwards:</b>					
Income tax loss carryforwards	1,204,098	301,026	-	301,026	195,212
Social contribution tax loss carryforwards	1,215,521	-	109,397	109,397	71,304
<b>Temporary differences:</b>					
Foreign currency gains	1,472,113	368,028	132,490	500,518	535,868
Tax deductible goodwill	(64,185)	(16,046)	(5,777)	(21,823)	(21,823)
Provision for judicial demands	195,289	48,822	17,576	66,398	73,663
Allowance for doubtful accounts	183,801	45,950	16,542	62,492	62,492
Profit sharing	4,050	1,012	365	1,377	4,638
Unrealized loss derivatives instruments	(107,404)	(26,851)	(9,666)	(36,517)	(2,093)
Other temporary differences	2,592	648	233	881	3,743
Gain on formation of joint venture	(3,338,342)	(834,585)	(300,451)	(1,135,036)	(1,135,037)
Other	516,448	129,112	46,480	175,592	219,020
<b>Total net liability</b>		<b>17,116</b>	<b>7,186</b>	<b>24,305</b>	<b>6,987</b>
<b>Deferred tax - Assets</b>				24,305	6,987
				<b>24,305</b>	<b>6,987</b>
	Consolidated				December 31, 2016
	At March 31, 2017			Total	
	Base	IRPJ	CSLL		
<b>Tax loss carryforwards:</b>					
Income tax loss carryforwards	2,044,722	511,180	-	511,180	396,181
Social contribution tax loss carryforwards	2,063,363	-	185,703	185,703	144,303
<b>Temporary differences:</b>					
Foreign currency gains/losses	1,621,691	405,423	145,952	551,375	590,112
Tax deductible goodwill	(421,847)	(105,462)	(37,966)	(143,428)	(87,806)
Provision for judicial demands	539,269	134,818	48,534	183,352	189,345
Allowance for doubtful accounts	351,699	87,925	31,653	119,578	116,318
Profit sharing	7,623	1,906	686	2,592	11,323
Unrealized loss derivatives instruments	(103,069)	(25,768)	(9,276)	(35,044)	33
Other temporary differences	346,089	86,522	31,148	117,670	115,835
Review of useful life	(995,103)	(248,776)	(89,559)	(338,335)	(268,443)
Gain on formation of joint venture	(3,338,342)	(834,585)	(300,451)	(1,135,036)	(1,135,037)
Concession contract	(29,802)	(7,451)	(2,682)	(10,133)	(10,616)
Regulatory asset	204,732	51,183	18,426	69,609	71,039
Gains or losses on actuarial liabilities	412,687	103,171	37,142	140,313	138,655
Business combination - Property and equipment	(3,452,649)	(863,163)	(310,738)	(1,173,901)	(1,185,679)
Business combination – Other fair value adjustments	(122,735)	(30,684)	(11,046)	(41,730)	(42,360)
Other	426,002	106,501	38,340	144,841	178,261
<b>Total net liability</b>		<b>(627,260)</b>	<b>(224,134)</b>	<b>(851,394)</b>	<b>(778,536)</b>
Deferred income tax – Assets				341,483	330,212
Deferred income tax – Liabilities				(1,192,877)	(1,108,748)
<b>Total net deferred taxes</b>				<b>(851,394)</b>	<b>(778,536)</b>

### c) Changes in deferred income taxes, net

	Parent company	Consolidated
<b>At December 31, 2016</b>	6,987	(778,536)
Deferred taxes recognized on income period	17,318	(74,300)
Other	-	1,442
<b>At March 31, 2017</b>	<b>24,305</b>	<b>(851,394)</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### 20 Provision for legal proceedings

	Provision for legal proceedings			
	Parent company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Tax	87,227	85,658	411,512	405,060
Civil	68,676	67,426	189,428	189,861
Labor	131,985	134,212	166,079	166,621
	<b>287,888</b>	<b>287,296</b>	<b>767,019</b>	<b>761,542</b>

The judicial deposits at March 31, 2017 and December 31, 2016 are as follows:

	Judicial deposit			
	Parent company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Tax	229,774	226,558	356,394	350,745
Civil and environmental	14,628	14,200	20,344	19,849
Labor	30,629	29,170	45,114	43,620
	<b>275,031</b>	<b>269,928</b>	<b>421,852</b>	<b>414,214</b>

Changes in provision for judicial demands:

	Parent company			
	Tax	Civil and environmental	Labor	Total
	<b>At January 1, 2017</b>	<b>85,658</b>	<b>67,426</b>	<b>134,212</b>
Accrual	74	2,481	7,524	10,079
Disposal / reversal	(18)	(3,767)	(10,129)	(13,914)
Indexation and interest charges	1,513	2,536	378	4,427
<b>At March 31, 2017</b>	<b>87,227</b>	<b>68,676</b>	<b>131,985</b>	<b>287,888</b>

  

	Consolidated			
	Tax	Civil and environmental	Labor	Total
	<b>At January 1, 2017</b>	<b>405,060</b>	<b>189,861</b>	<b>166,621</b>
Accrual	489	2,521	10,657	13,667
Disposal / reversal	(66)	(8,007)	(17,718)	(25,791)
Indexation and interest charges	6,029	5,053	6,519	17,601
<b>At March 31, 2017</b>	<b>411,512</b>	<b>189,428</b>	<b>166,079</b>	<b>767,019</b>

#### a) Tax

The main tax lawsuits at the judicial at March 31, 2017 and December 31, 2016 are as follows:

	Parent company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
	Compensation with FINSOCIAL	-	-	272,591
INSS	54,299	53,255	64,388	63,103
ICMS credits	22,592	22,253	32,734	31,517
PIS and COFINS	204	202	338	334
IPI	1,173	1,155	1,173	1,155
IRPJ and CSLL	329	329	329	329
Others	8,630	8,464	39,959	39,347
	<b>87,227</b>	<b>85,658</b>	<b>411,512</b>	<b>405,060</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### b) *Civil and labor*

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

The Company and its subsidiaries are parties to labor lawsuits filed by former employees and employees of service providers who question, among others, joint and several liability, overtime and reflex payments, intrajornate interval, additional hazardous and unhealthy, prior notice, Differences in FGTS, hours in itinere, 13th salary, vacation plus one third, additional night, indemnity for moral damages and materials resulting from work accident and / or occupational disease, obligation to do or not to comply with regulatory standards of the MTE, Collective moral damages, repayment of discounts made on payroll, such as confederation contribution, union tax and others..

### Contingencies - Lawsuits considered as possible losses therefore not provided

#### a) Tax

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
ICMS- state VAT	1,531,659	1,498,703	1,867,440	1,828,663
Federal income taxes	470,473	462,596	1,949,955	1,904,333
PIS and COFINS - revenue taxes	806,482	792,998	822,215	808,498
IRRF - Withholding tax	2,702	2,674	808,055	793,149
INSS - social security	575,200	567,640	623,837	615,403
IPI - Excise tax	440,134	436,507	517,684	512,209
MP 470 - Debt installments <sup>(i)</sup>	174,765	-	174,765	-
Compensation with IPI - IN 67/98 credit	129,618	128,456	129,618	128,456
Other	558,467	548,742	800,242	790,390
	<b><u>4,689,500</u></b>	<b><u>4,438,316</u></b>	<b><u>7,693,811</u></b>	<b><u>7,381,101</u></b>

- (i) MP 470 - Tax installments - The Tax Authority partially rejected the Company requests for payment of its federal tax debts, on the grounds that the tax loss offered is not sufficient to settle the respective debts. The likelihood of loss is considered as possible since the results are indicated existed and are available for such use.

### b) Civil and labor

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Civil	672,687	592,223	1,375,902	1,318,404
Labor	325,121	348,727	352,676	376,146
	<b><u>997,808</u></b>	<b><u>940,950</u></b>	<b><u>1,728,578</u></b>	<b><u>1,694,550</u></b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

*(In thousands of Brazilian Reais – R\$, unless otherwise stated)*

### **21 Shareholders' equity**

#### **a. Common stock**

Subscribed and fully paid capital as of R\$ 3,839,075 and R\$ 3,824,648 represented by 407,904,353 and 407,294,353 common shares at March 31, 2017 and December 31, 2016, respectively, book entry and without par value.

On February 22, 2017, the Board of Directors approved an increase in the Company's capital stock by R\$ 14,426,500 through the issue of 610,000 new common shares, with no 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.

#### **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 reserve**

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 were 4,600,000 common shares (representing 1.129626% of the total number of shares).

On December 21, 2016, the Board of Directors approved the renewal of the Repurchase Program of common shares issued by it. The transactions can be carried out until December 21, 2017 and the maximum number of shares that can be repurchased is 4,000,000 common shares (representing 0.98209071% of the total number of shares).

In the period ended March 31, 2017, there was no repurchase of common shares.

At March 31, 2017, the Company had 29,539 treasury shares (29,539 common shares as of December 31, 2016), whose market price was R\$ 38.86 (R\$ 38.15 as of December 31, 2016).

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### e. Other comprehensive income components

	December 31, 2016	Comprehensive income	March 31, 2017
Foreign currency translation differences - equity - accounted investee	(7,979)	1,562	(6,417)
Loss on cash flow hedge	(189,286)	171,295	(17,991)
Defined benefit plan actuarial gain (losses)	(52,237)	-	(52,237)
(Loss) gain in realization financial instrument derivative	(54,631)	69,633	15,002
Available for sale financial assets from securities	21,378	129	21,507
<b>Total</b>	<b>(282,755)</b>	<b>242,619</b>	<b>(40,136)</b>
Attributable to:			
Owner of the Company	(295,923)	242,619	(53,304)
Non-controlling interests	13,168	-	13,168

## 22 Earnings per share

	March 31, 2017	March 31, 2016 (Restated)
Profit attributable from continued operation to ordinary equity holders for basic earnings	205,318	238,681
Profit attributable from discontinued operation to ordinary equity holders for basic earnings	-	8,350
Effect of dilution:		
<i>Put option</i>	-	(14,248)
<b>Profit from continued operation attributable to ordinary equity holders adjusted for the effect of dilution</b>	<b>205,318</b>	<b>224,433</b>
<b>Profit from discontinued operation attributable to ordinary equity holders adjusted for the effect of dilution</b>	<b>-</b>	<b>8,350</b>
<b>Weighted average number of shares outstanding - basic</b>	<b>407,671,481</b>	<b>405,856,814</b>
Effect of dilution:		
<i>Stock option</i>	2,053,001	670,463
<i>Put option</i>	-	10,923,393
Weighted average number of shares outstanding - diluted	409,724,482	417,450,670
Basic earnings per share	R\$0.50364	R\$0.58809
Basic earnings per share from discontinuing operation	-	R\$0.02057
	<b>R\$0.50364</b>	<b>R\$0.60866</b>
Basic earnings per share	R\$0.50111	R\$0.53763
Basic earnings per share from discontinuing operation	-	R\$0.02000
	<b>R\$0.50111</b>	<b>R\$0.55763</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### 23 Other (expense) income, net

	Parent company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Losses on disposal of non-current assets	-	-	(1,621)	(2,017)
Provisions for legal proceedings, recoverable and tax installment	(3,946)	(36,840)	(3,145)	(35,486)
Other	(6,650)	542	(9,080)	(2,123)
	<b>(10,596)</b>	<b>(36,298)</b>	<b>(13,846)</b>	<b>(39,626)</b>

### 24 Financial results

	Parent Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Cost of gross debt</b>				
Interest on debt	-	(4,279)	(178,676)	(197,726)
Monetary and exchange rate variation	-	34,573	146,674	515,525
Derivative and fair value	(81,353)	(476,064)	(128,697)	(640,384)
Amortization of funding expenditure	(61)	-	(243)	-
Discounts obtained from financial operations	-	-	-	-
Guarantees and warranties on debt	-	-	(8,679)	(13,474)
	<b>(81,414)</b>	<b>(445,770)</b>	<b>(169,621)</b>	<b>(336,059)</b>
Income from financial investment	36,838	25,354	116,384	92,455
	<b>36,838</b>	<b>25,354</b>	<b>116,384</b>	<b>92,455</b>
<b>Cost of debt, net</b>	<b>(44,576)</b>	<b>(420,416)</b>	<b>(53,237)</b>	<b>(243,604)</b>
<b>Other charges and monetary variations</b>				
Interest on other receivables	10,313	25,951	37,521	29,250
Interest on other financial assets	27,896	-	27,896	-
Interest on other liabilities	17,000	16,500	-	-
Interest on other obligations	(86,189)	(184,013)	(120,818)	(223,106)
Bank charges	(6,798)	(6,207)	(12,110)	(8,780)
Exchange variation	61,679	253,108	(14,290)	(9,421)
	<b>23,901</b>	<b>105,339</b>	<b>(81,801)</b>	<b>(212,057)</b>
<b>Financial results, net</b>	<b>(20,675)</b>	<b>(315,077)</b>	<b>(135,038)</b>	<b>(455,661)</b>
Financial expenses	(145,682)	(245,695)	(423,559)	(496,519)
Financial income	94,259	69,425	266,726	184,914
Exchange variation	108,615	447,749	136,888	507,562
Derivatives	(77,867)	(586,556)	(115,093)	(651,618)
<b>Financial results, net</b>	<b>(20,675)</b>	<b>(315,077)</b>	<b>(135,038)</b>	<b>(455,661)</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

(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, 2017</u>	<u>December 31, 2016</u>
<b>Assets</b>		
<b>Fair value through profit or loss</b>		
Investment funds	3,019,560	3,203,907
Marketable securities	381,091	371,167
Other financial assets	196,308	70,487
Derivative financial	832,566	747,411
	<u>4,429,525</u>	<u>4,392,972</u>
<b>Loans and receivables</b>		
Cash and cash equivalents	704,986	787,023
Trade receivables	742,966	753,969
Receivables from related parties	230,804	259,110
Dividends receivable	40,978	142,856
	<u>1,719,734</u>	<u>1,942,958</u>
<b>Total</b>	<u>6,149,259</u>	<u>6,335,930</u>
<b>Liabilities</b>		
<b>Liabilities amortized cost</b>		
Loans, borrowings and debentures	5,214,222	5,324,661
Trade payables	1,426,973	1,467,570
Payables to related parties	128,588	150,107
Dividends payable	24,003	94,055
Tax installments - REFIS	194,199	191,856
Preferred shareholders payable in subsidiaries	1,809,176	1,769,427
Other financial liabilities	51,047	25,734
Other	-	137,544
	<u>8,848,208</u>	<u>9,160,954</u>
<b>Fair value through profit or loss</b>		
Loans, borrowings and debentures	3,647,372	3,813,468
Contingent consideration	113,657	166,807
Derivative financial instruments	317,349	283,541
	<u>4,078,378</u>	<u>4,263,816</u>
	<u>12,926,586</u>	<u>13,424,770</u>

#### **Risk management structure**

As at March 31, 2017 and December 31, 2016, 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:

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## Notes to the interim financial statements

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

	Notional		Fair value	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>Exchange rate derivatives</b>				
Forward agreements	10,251	438,689	(94)	(14,983)
	10,251	438,689	(94)	(14,983)
<b>Interest rate and exchange rate risk</b>				
Swap agreements (interest rate)	1,816,934	1,816,934	247,736	113,125
Swap agreements (exchange and interest rate)	4,916,873	4,315,575	267,575	365,728
	6,733,807	6,132,509	515,311	478,853
<b>Total financial instruments</b>			<b>515,217</b>	<b>463,870</b>
<b>Assets</b>			<b>832,566</b>	<b>747,411</b>
<b>Liabilities</b>			<b>(317,349)</b>	<b>(283,541)</b>

### Credit risk

	March 31, 2017	December 31, 2016
Cash and cash equivalents <sup>(i)</sup>	3,724,546	3,990,930
Trade receivables	742,966	753,969
Derivative financial instruments	832,566	747,411
Marketable securities	381,091	371,167
Other financial assets	196,308	70,487
Dividends receivable and interest on capital	40,978	142,856
	<b>5,918,455</b>	<b>6,076,820</b>

- (i) The Company held cash and cash equivalents of R\$ 4,105,637 at March 31, 2017 (R\$ 4,362,097 as at December 31, 2016). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AAA, AA, A to BBB.

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

	March 31, 2017	December 31, 2016
AAA	157,290	-
AA	4,252,499	4,124,002
A	399,772	725,208
BBB	-	260,298
	<b>4,809,561</b>	<b>5,109,508</b>

- (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 need for a provision for impairment is analyzed on each date reported on an individual basis to key customers. In addition, a large number of accounts receivable with smaller balances are grouped into homogeneous groups and, in such cases; the recoverable loss is evaluated collectively. The calculation is based on actual historical data.

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

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

counterparty's failure to make payments. The Company's maximum exposure to credit risk in relation to the components of the balance sheet as of March 31, 2017 and December 31, 2016 is the amount recorded, as shown in Note 16. The maximum exposure in relation to financial guarantees and derivative financial instruments is presented in Liquidity table 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. The reputation of the Company and its subsidiaries

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

	March 31, 2017				December 31, 2016
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total
Loans, borrowings and debentures	(2,104,236)	(1,629,626)	(4,332,194)	(8,116,879)	(16,182,935)
Trade payables	(1,426,973)	-	-	-	(1,426,973)
Financial instrument derivative	(16,375)	-	(22,201)	(256,781)	(295,357)
Other financial liabilities	(51,047)	-	-	-	(51,047)
REFIS	(5,908)	(5,445)	(9,785)	(190,827)	(211,965)
	<b>(3,604,539)</b>	<b>(1,635,071)</b>	<b>(4,364,180)</b>	<b>(8,564,487)</b>	<b>(18,168,277)</b>
					<b>(19,187,431)</b>

### Market risk

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

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

#### a) Foreign exchange risk

As at March 31, 2017 and December 31, 2016, 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, 2017		December 31, 2016	
	R\$	US\$	R\$	US\$
Cash and cash equivalents	355,305	112,140	413,414	126,849
Trade receivables	17,683	5,581	11,940	3,664
Loans, borrowings and debentures	(5,301,012)	(1,673,088)	(5,559,995)	(1,705,991)
Contingent consideration	(15,256)	(4,815)	(68,388)	(20,984)
Derivative financial instruments (notional)	4,040,020	1,275,098	6,413,619	1,967,911
<b>Foreign exchange exposure, net</b>	<b>(903,260)</b>	<b>(285,084)</b>	<b>1,210,590</b>	<b>371,449</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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

### Sensitivity analysis on exchange rate changes:

Based on the financial instruments denominated in U.S. Dollars at December 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:

	Exchange rate sensitivity analysis (R\$/US\$)					
	March 31, 2017	Scenario				
		Probable	25%	50%	-25%	-50%
At March 31, 2017	3,1684	3,3300	4,1625	4,9950	2,4975	1,6650

The external source used by the company for market projections was a specialized consultant.

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	18,122	93,357	186,713	(93,357)	(186,713)
Trade receivables	USD fluctuation	902	4,646	9,293	(4,646)	(9,293)
Exchange rate derivatives (notional)	USD fluctuation	(94)	2,330	4,660	(2,330)	(4,660)
Exchange rate and interest derivatives (notional) <sup>(i)</sup>	USD and CDI fluctuation	160,924	1,084,739	2,160,781	(1,067,641)	(2,143,966)
Loans, borrowings and debentures	USD fluctuation	(270,371)	(1,392,846)	(2,785,692)	1,392,846	2,785,692
Contingent consideration	USD fluctuation	(778)	(4,008)	(8,017)	4,008	8,017
<b>Impacts on profit or loss</b>		<b>(91,295)</b>	<b>(211,782)</b>	<b>(432,262)</b>	<b>228,880</b>	<b>449,077</b>

(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 <sup>(i)</sup>	March 31, 2017				
	Nominal amount	25%	50%	-25%	-50%
Cash and cash equivalents	306,727	76,682	153,363	(76,682)	(153,363)
Marketable securities	34,875	8,719	17,438	(8,719)	(17,438)
Interest derivative	248,722	275,771	609,187	(233,457)	(431,015)
Loans, borrowings and debentures	(1,095,662)	(456,360)	(970,364)	414,046	792,193
<b>Impacts on profit or loss</b>	<b>(505,338)</b>	<b>(95,188)</b>	<b>(190,376)</b>	<b>95,188</b>	<b>190,377</b>

The probable scenario considers the estimated interest rate, as follows:

	Probable	25%	50%	-25%	-50%
SELIC	8.75%	10.94%	13.13%	6.56%	4.38%
CDI	9.15%	11.44%	13.73%	6.86%	4.58%
TJ462	6.00%	7.50%	9.00%	4.50%	3.00%
TJLP	5.00%	6.25%	7.50%	3.75%	2.50%

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## Notes to the interim financial statements

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

The external source used by the Company for market projections was the specialized consultant.

### *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, 2023 and 2027 are listed on the Luxembourg Stock Exchange (note 16) is based on their quoted market price as of March 31, 2017, of 100.10% (95.68% on December 31, 2016) and 97.51% (96.05% at December 31, 2016), and 104,07%, respectively, of the face nominal value.
- The fair value of Perpetual Notes listed on the Luxembourg Stock Exchange (Note 16) is based on their quoted market price as March 31, 2017 of 100.57% (100.03% at December 31, 2016) of the face value of obligations at March 31, 2017.
- 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 16).

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, 2017	December 31, 2016	March 31, 2017			December 31, 2016		
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>								
Investment funds	3.019.560	3.203.907	-	3.019.560	-	-	3.203.907	-
Marketable securities	381.091	371.167	-	381.091	-	-	371.167	-
Other financial assets	196.308	70.487	196.308	-	-	70.487	-	-
Derivate financial instruments	832.566	747.411	-	832.566	-	-	747.411	-
<b>Total</b>	<b>4.429.525</b>	<b>4.392.972</b>	<b>196.308</b>	<b>4.233.217</b>	<b>-</b>	<b>70.487</b>	<b>4.322.485</b>	<b>-</b>
<b>Liabilities</b>								
Loans, borrowings and debentures	(3,647,372)	(3,813,468)	-	(3,647,372)	-	-	(3,813,468)	-
Contingent consideration	(113,657)	(166,807)	-	-	(113,657)	-	-	(166,807)
Derivative financial instruments	(317,349)	(283,541)	-	(317,349)	-	-	(283,541)	-
<b>Total</b>	<b>(4,078,378)</b>	<b>(4,263,816)</b>	<b>-</b>	<b>(3,964,721)</b>	<b>(113,657)</b>	<b>-</b>	<b>(4,097,009)</b>	<b>(166,807)</b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

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### Hedge accounting

Currently the Company has adopted the hedge accounting of fair value for some its operations that both the hedging instruments and the hedge 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>
<b>At December 31, 2016</b>	2,156,011	(125,272)	2,030,739
Interest amortization	(9,596)	(9,067)	(18,663)
Fair value	(165,314)	(7,989)	(173,303)
<b>At March 31, 2017</b>	<b><u>1,981,101</u></b>	<b><u>(142,328)</u></b>	<b><u>1,838,773</u></b>

### 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, 2017</u>	<u>December 31, 2016</u>
Futura	44,726	43,401
Futura II	154	163
COMGÁS	402,794	397,916
	<b><u>447,674</u></b>	<b><u>441,480</u></b>

During the period ended March 31, 2017, the amount of sponsor contributions to the plans was R\$ 6,666 (R\$ 6,921 on December 31, 2016).

## 27 Share-based payment

Share option programs	Expected life (years)	Interest rate	Expected volatility	Number of instruments on March 31, 2017			Market price on grant date	Exercise price at March 31, 2017	Fair value at grant date - R\$ <sup>(i)</sup>
				Granted	Exercisable options	On March 31, 2017			
18/08/2011 - Tranche A	1 a 7	12.39%	31.44%	4,825,000	(3,193,000)	1,237,000	22.80	23.72	6.80
18/08/2011 - Tranche B	1 a 12	12.39%	30.32%	5,000,000	(2,000,000)	3,000,000	22.80	23.72	8.15
12/12/2012 - Tranche C	1 a 7	8.78%	31.44%	700,000	(48,000)	652,000	38.89	42.06	10.10
4/24/2013	5 a 7	13.35%	27.33%	970,000	-	860,000	45.22	48.30	17.95
4/25/2014	5 a 7	12.43%	29.85%	960,000	-	945,000	39.02	39.18	15.67
8/31/2015	5 a 7	14.18%	33.09%	759,000	-	674,000	19.96	19.50	7.67
				<b><u>13,214,000</u></b>	<b><u>(5,241,000)</u></b>	<b><u>7,368,000</u></b>			

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

The changes in the plan during the period were:

	<u>Number of options</u>	<u>Weighted average</u>
<b>December 31, 2016</b>	<b><u>7,978,000</u></b>	<b><u>29.05</u></b>
Cancellation or settlements	-	
Share options exercised	(610,000)	23.65
<b>March 31, 2017</b>	<b><u>7,368,000</u></b>	<b><u>29.81</u></b>

# Cosan S.A. Indústria e Comércio

## Notes to the interim financial statements

*(In thousands of Brazilian Reais – R\$, unless otherwise stated)*

### **28 Subsequent events**

#### **28.1 Distribution of dividends – Cosan S.A Indústria e Comércio**

On April 27, 2017, the Ordinary and Extraordinary General Meeting approved the distribution of dividends in the total amount of R\$ 380,000 equivalent to R\$ 0.931658 per common share.

#### **28.2 Share capital increase – Cosan S.A Indústria e Comércio**

On April 27, 2017, an Ordinary and Extraordinary Shareholders' Meeting was approved, increase in share capital in the amount of R\$ 160,000 without issuance of new shares, through the capitalization of part of the existing balance in the legal reserve account.

#### **28.3 Share option programs**

On April 27, 2017, a new share option programs was approved in the Ordinary and Extraordinary General Meeting, where up to 3% of the shares representing the Company's stock option may be delivered to the participants.