

**Unconsolidated and Consolidated  
Quarterly Financial Information**

**Cosan S.A. Indústria e Comércio**

June 30, 2010

*“A free translation into English of the original issued in Portuguese”*

# **COSAN S.A. INDÚSTRIA E COMÉRCIO**

## UNCONSOLIDATED AND CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

June 30, 2010

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**A free translation from Portuguese into English of Special Review Report of Independent Auditors on Quarterly Financial Information prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil**

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## **SPECIAL REVIEW REPORT OF INDEPENDENT AUDITORS**

The Board of Directors and Shareholders of  
**Cosan S.A. Indústria e Comércio**

1. We have performed a special review of the accompanying Quarterly Financial Information of Cosan S.A. Indústria e Comércio (parent company and consolidated) for the quarter ended June 30, 2010, including the balance sheets, statements of operations and cash flows, report on the Company's performance and explanatory notes, prepared under the management's responsibility.
2. Our review was conducted in accordance with the specific procedures determined by the Brazilian Institute of Independent Auditors (IBRACON) and the Federal Board of Accountancy (CFC), which comprised principally: (a) inquiries of and discussions with the management responsible for the Company's accounting, financial and operational areas about the criteria adopted for the preparation of the Quarterly Financial Information; and (b) review of information and subsequent events which have, or could have, significant effects on the Company's operations and financial position.
3. Based on our special review, we are not aware of any material modification that should be made to the Quarterly Financial Information referred to above for it to comply with specific standards established by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Financial Information.

4. As mentioned in Note 2, during the 2009, CVM approved several Pronouncements, Interpretations and Technical Orientations issued by the Committee of Accounting Pronouncements ("CPC") effective 2010, which have changed accounting practices adopted in Brazil. As permitted by CVM Deliberation 603/09, management of the Company opted to present its Quarterly Financial Information using the same accounting standards adopted in Brazil until December 31, 2009, therefore, it did not apply the new pronouncements effective in 2010. As required by the CVM Deliberation, the Company disclosed this fact in Note 2 of the Quarterly Financial Information as well as the description of the main changes that can have an impact in its financial statements at the end of the year and the reasons that avoid the presentation of the estimated effects in shareholders' equity and income, as required by the Deliberation.

São Paulo, August 12, 2010

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC 2SP015199/O-6

Luiz Carlos Nannini  
Accountant CRC 1SP171638/O-7

A free translation from Portuguese into English of financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil

## COSAN S.A. INDÚSTRIA E COMÉRCIO

Unaudited balance sheets  
June 30, 2010 and 2009  
(In thousands of reais)

	Parent Company		Consolidated		
	(Unaudited) June 30, 2010	March 31, 2010	(Unaudited) June 30, 2010	March 31, 2010	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	Note 4	85,071	285,925	1,054,914	1,078,366
Restricted cash		51,274	44,972	51,274	44,972
Trade accounts receivable	Note 5	106,806	224,961	619,127	766,415
Derivative financial instruments	Note 20	148,767	238,024	144,507	230,561
Inventories	Note 6	380,238	255,643	1,433,659	1,046,730
Advances to suppliers		84,266	69,480	323,472	235,552
Related parties	Note 7	530,338	429,223	49,883	24,859
Deferred income and social contribution taxes	Note 12.b	12,695	12,680	94,581	76,310
Recoverable taxes		117,968	115,321	355,375	327,864
Dividends		83,330	15,132	-	-
Other assets		10,945	7,165	68,329	61,166
		<b>1,611,698</b>	1,698,526	<b>4,195,121</b>	3,892,795
<b>Noncurrent assets</b>					
<b>Long-term receivables</b>					
Accounts receivable from federal government	Note 15	-	-	336,273	333,733
CTNs-Restricted Brazilian Treasury Bills	Note 13	33,040	31,234	217,550	205,657
Deferred income and social contribution taxes	Note 12.b	139,612	150,226	521,474	560,114
Advances to suppliers		13,301	4,635	52,494	63,741
Related parties	Note 7	33,199	22,160	79,612	81,411
Recoverable Taxes		3,488	2,666	38,812	45,018
Other assets		1,981	1,712	177,873	166,823
<b>Permanent assets</b>					
Investments	Note 8	6,157,836	6,112,223	193,625	193,123
Property, plant and equipment	Note 9	841,064	872,122	5,836,039	5,561,065
Intangible assets	Note 10	399,400	399,648	2,921,239	2,901,308
		<b>7,622,921</b>	7,596,626	<b>10,374,991</b>	10,111,993
<b>Total assets</b>		<b>9,234,619</b>	9,295,152	<b>14,570,112</b>	14,004,788

		Parent Company		Consolidated	
		(Unaudited) June 30, 2010	March 31, 2010	(Unaudited) June 30, 2010	March 31, 2010
Liabilities					
Current liabilities					
Loans and financing	Note 13	465,333	500,142	860,304	800,902
Derivative financial instruments	Note 20	37,437	76,703	37,437	76,703
Trade accounts payable		156,544	116,363	716,254	569,399
Salaries payable		77,574	48,759	219,887	141,584
Taxes and social contributions payable	Note 11	30,886	42,633	197,350	215,862
Dividends payable	Note 16.b	116,569	116,569	116,569	116,569
Related parties	Note 7	147,092	92,818	120,073	14,416
Other liabilities		58,945	68,047	189,395	182,434
		<u>1,090,380</u>	<u>1,062,034</u>	<u>2,457,269</u>	<u>2,117,869</u>
Noncurrent liabilities					
Loans and financing	Note 13	1,630,756	1,740,779	5,322,684	5,136,529
Taxes and social contributions payable	Note 11	87,803	87,645	597,862	593,505
Provision for judicial demands	Note 14	74,463	71,556	456,083	444,421
Related parties	Note 7	979,115	967,974	-	-
Actuarial liability	Note 24	-	-	59,774	61,788
Deferred income and social contribution taxes	Note 12.b	197,862	220,697	341,294	346,599
Other liabilities		35,318	34,711	146,497	146,496
		<u>3,005,317</u>	<u>3,123,362</u>	<u>6,924,194</u>	<u>6,729,338</u>
Minority shareholders' interest		-	-	49,727	47,825
Shareholders' equity	Note 16				
Capital		4,687,826	4,687,826	4,687,826	4,687,826
Capital reserves		51,136	50,626	51,136	50,626
Income reserves		374,248	374,248	374,248	374,248
Other comprehensive income		16,993	(2,944)	16,993	(2,944)
Accumulated income		8,719	-	8,719	-
		<u>5,138,922</u>	<u>5,109,756</u>	<u>5,138,922</u>	<u>5,109,756</u>
Total liabilities and shareholders' equity		<u>9,234,619</u>	<u>9,295,152</u>	<u>14,570,112</u>	<u>14,004,788</u>

The notes are an integral part of the financial statements.

## COSAN S.A. INDÚSTRIA E COMÉRCIO

Unaudited statement of operations  
 Quarters ended June 30, 2010 and 2009  
 (In thousands of reais, except earnings per share)

	Parent Company		Consolidated	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Gross operating sales				
Sales of goods and services	<b>592,071</b>	665,996	<b>4,369,376</b>	3,843,505
Taxes and sales deductions	<b>(28,265)</b>	(36,728)	<b>(369,754)</b>	(277,402)
Net operating sales	<b>563,806</b>	629,268	<b>3,999,622</b>	3,566,103
Cost of goods sold and services rendered	<b>(439,853)</b>	(542,670)	<b>(3,493,059)</b>	(3,198,418)
Gross profit	<b>123,953</b>	86,598	<b>506,563</b>	367,685
Operating income (expenses)				
Selling expenses	<b>(30,019)</b>	(47,468)	<b>(215,210)</b>	(209,570)
General and administrative expenses	<b>(51,826)</b>	(44,458)	<b>(120,205)</b>	(89,285)
Financial, net	Note 18 <b>(103,837)</b>	343,309	<b>(139,340)</b>	433,433
Income (loss) on equity investments	Note 8 <b>52,555</b>	108,992	<b>(351)</b>	(3,554)
Goodwill realized through sale	Note 8 -	-	-	(85,589)
Other operating income (expenses), net	Note 19 <b>(4,617)</b>	3,615	<b>(2,329)</b>	72,484
	<b>(137,744)</b>	363,990	<b>(477,435)</b>	117,919
Operating income (loss) before income and social contribution taxes	<b>(13,791)</b>	450,588	<b>29,128</b>	485,604
Income and social contribution taxes				
Current	Note 12.a -	-	<b>(11,706)</b>	(23,312)
Deferred	Note 12.a <b>22,510</b>	(113,319)	<b>(6,801)</b>	(134,587)
	<b>22,510</b>	(113,319)	<b>(18,507)</b>	(157,899)
Net income before minority interest	<b>8,719</b>	337,269	<b>10,621</b>	327,705
Minority interest	-	-	<b>(1,902)</b>	9,564
Net income for the period	<b>8,719</b>	337,269	<b>8,719</b>	337,269
Earnings per share – in Reais	<b>0,02146</b>	0,90605		

The notes are an integral part of the financial statements.

## COSAN S.A. INDÚSTRIA E COMÉRCIO

Unaudited statement of changes in shareholders' equity  
 Quarter ended June 30, 2010  
 (In thousands of reais)

	Unconsolidated and Consolidated					Total
	Capital	Capital reserve	Income reserve	Retained earnings / (accumulated losses)	Other comprehensive	
Balance on March 31, 2010	4,687,826	50,626	374,248	-	(2,944)	5,109,756
Recorded granted options	-	510	-	-	-	510
Other comprehensive income	-	-	-	-	19,937	19,937
Net income in the period	-	-	-	8,719	-	8,719
Balance on March 31, 2010	<u>4,687,826</u>	<u>51,136</u>	<u>374,248</u>	<u>8,719</u>	<u>16,993</u>	<u>5,138,922</u>

The notes are an integral part of the financial statements.



# COSAN S.A. INDÚSTRIA E COMÉRCIO

Unaudited statements of cash flows  
 Quarters ended June 30, 2010 and 2009  
 (In thousands of reais)

	Parent Company		Consolidated	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Cash flows from operating activities				
Net income for the period	8,719	337,269	8,719	337,269
Adjustments to reconcile net income for the period to cash provided by operating activities				
Depreciation and amortization	56,250	62,557	189,191	169,917
Losses (income) on equity investments	(52,555)	(108,992)	351	3,554
Loss (income) from disposal of permanent assets	(69)	(259)	3,112	(103,168)
Goodwill amortization and realized through sale	-	-	-	85,589
Deferred income and social contribution taxes	(22,510)	113,319	6,801	134,587
Recording of provision for legal claims	3,488	592	10,656	2,890
Minority interest	-	-	1,902	(9,564)
Recorded granted options	510	3,479	510	3,479
Interest, monetary and exchange variation, net	85,574	(243,609)	162,571	(287,809)
Other	2,871	(5,102)	18,914	1,728
	<b>82,278</b>	<b>159,254</b>	<b>402,727</b>	<b>338,472</b>
Changes in assets and liabilities				
Trade accounts receivables	116,695	(23,041)	153,257	110,345
Inventories	(92,177)	37,336	(284,622)	172,567
Recoverable taxes	19	(8,392)	(21,305)	10,394
Advances to suppliers	(23,452)	(23,019)	(76,673)	(75,730)
Suppliers	40,181	39,071	146,855	46,966
Salaries payable	28,815	22,896	78,303	41,354
Taxes payable	(13,662)	3,252	(29,039)	(57,123)
Derivative financial instruments and restricted cash	73,906	(62,534)	70,703	(60,035)
Other assets and liabilities, net	(41,168)	(4,240)	59,076	7,011
	<b>89,157</b>	<b>(18,671)</b>	<b>96,555</b>	<b>195,749</b>
Net cash generated from operating activities	<b>171,435</b>	<b>140,583</b>	<b>499,282</b>	<b>534,221</b>
Cash flows from investments activities				
Acquisition of new businesses, net of cash received and advances to investments	-	(3,900)	(3,747)	-
Advance for future capital increase	-	-	-	-
Addition to property, plant and equipment, software and other intangible assets	(112,267)	(55,138)	(600,404)	(420,618)
Cash from the sale of aviation fuel business	-	-	-	-
Cash from the sale of other permanent assets	277	294	672	117,731
Net cash used in investment activities	<b>(111,990)</b>	<b>(58,744)</b>	<b>(603,479)</b>	<b>(244,348)</b>
Cash flows from financing activities				
Loans and financing funded	110,109	2,684	642,394	172,899
Amortization of principal and interest on loans and financing, advances from customers and Promissory Notes	(312,483)	(61,417)	(561,649)	(127,849)
Related parties	(57,925)	(103,925)	-	(121,359)
Net cash generated (used) by financing activities	<b>(260,299)</b>	<b>(162,658)</b>	<b>80,745</b>	<b>(76,309)</b>
Net increase (decrease) in cash and cash equivalents	<b>(200,854)</b>	<b>(80,819)</b>	<b>(23,452)</b>	<b>213,564</b>
Cash and cash equivalents at the beginning of the period	<b>285,925</b>	<b>388,726</b>	<b>1,078,366</b>	<b>719,356</b>
Cash and cash equivalents at the end of the period	<b>85,071</b>	<b>307,907</b>	<b>1,054,914</b>	<b>932,920</b>

The notes are an integral part of the financial statements.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements  
June 31, 2010 and 2009  
(In thousands of reais)

## 1. Operations

Cosan S.A. Indústria e Comércio (“Company” or “Cosan”), with principal place of business in the city of Barra Bonita, São Paulo, is a publicly-held Company, controlled by Cosan Limited, which holds 62.3% of its capital.

The primary activities of Cosan, and its subsidiaries are (i) the manufacturing and trading of sugar and ethanol, as well as energy cogeneration from sugarcane bagasse, (ii) the distribution of fuel and lubricants, and (iii) logistics transportation, warehousing and port lifting services.

The Company has 23 producing units, located in e São Paulo, Goiás and Mato Grosso do Sul States, with a nominal capacity of milling 60 million tons of sugarcane per year, producing varied qualities of raw and refined sugar, anhydrous and hydrated ethanol.

The Company, through its subsidiary Cosan Combustíveis e Lubrificantes S.A. (“Cosan CL”), operates in 45 fuel distribution bases and a lubricants plant in Brazil and ranks as one of the four biggest fuel distributors in the country, with a distribution network of nearly 1,700 gas stations across Brazil, which sell 5 billion liters of fuels, 93 million cubic meters of NGV and 135 thousand cubic meters of lubricants per year. Accordingly, the Company expanded its business model and became the first integrated renewable energy company, acting from the plantation of sugar cane to the distribution and retail sale of fuels.

Additionally, the Company provides logistics transportation, warehousing and port lifting services in the State of São Paulo through its Santos-based indirect subsidiary Rumo Logística S.A.

In February 2010 the Company signed a non-binding memorandum of understanding together with Shell International Petroleum Company Ltd. (“Shell”) whereby both companies plan to pool the Company’s sugar and ethanol assets and distribution facilities with Shell’s distribution facilities in Brazil. Pursuant to this non-binding memorandum of understanding, Shell will make a capital contribution in the amount of approximately US\$1.6 billion (equivalent to R\$2,882,000 at the exchange rate of June 30, 2010) within two years. This agreement will become official upon certain requirements being met and the conclusion of negotiations.

# **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## **2. Basis of preparation and presentation of the quarterly financial statements**

The Company's quarterly financial statements were prepared based on the accounting standards adopted in Brazil and on the rules issued by the Brazilian Securities and Exchange Commission ("CVM"), observing the accounting guidelines set forth in the corporate law (Law N° 6404/76) which include the new provisions established, amended and repealed by Laws 11638/07 and 11941/09, as well as standards, guidelines and interpretations issued by the Accounting Standards Board ("CPC"). These quarterly financial statements were approved by the Company's Board of Directors on August 6, 2010.

During 2009 the CPC issued, and CVM approved, several standards, interpretations and guidelines requiring companies to present new quarterly financial statements for the comparative year. These standards are mandatory only for fiscal years beginning on or after January 1, 2010 with the requirement to present comparative figures.

CVM, through Resolution 603, of November 10, 2009, authorized the publicly-held companies to adopt in advance these pronouncements for the year ended December 31, 2009, provided that these pronouncements were fully adopted.

Moreover, CVM also authorized the presentation of the quarterly information in 2010 in accordance with the accounting practices effective on December 31, 2009, upon disclosure of a note to the financial statements describing the main changes which could affect the financial statements on the year end, as well as estimates as regards to the possible effects on the shareholders' equity and statement of income or clarifications for the lack of such estimates. In the case this option is adopted, the companies must present again the ITRs in 2010, as compared to 2009, also adjusted in accordance with the rules for 2010, at least as regards to the presentation of the financial statements for the year commencing as from January 2010.

# **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## **2. Basis of preparation and presentation of the quarterly financial statements (Continued)**

The Company decided to present its information for the first quarter of 2010 in accordance with the rules effective up to December 31, 2009, considering that the adjustments according to the international accounting standards require review of flows, internal controls, systems and other material aspects, which are still in progress and, therefore, the Company is not able to currently present accurate estimates related to the possible effects. However, the Company, at its best discretion, evaluated the technical pronouncements already issued and concluded that, except for the technical pronouncements referred to below, the other technical pronouncements will not adversely affect the Company's equity and financial condition, on an individual and consolidated basis, taking into consideration the transactions up to the date this quarterly information was disclosed:

- CPC 15 – Business combinations;
- CPC 16 – Inventories;
- CPC 20 – Loan costs;
- CPC 22 – Segment reporting;
- CPC 24 – Subsequent event;
- CPC 26 – Presentation of financial statements;
- CPC 27 – Property, plant and equipment;
- CPC 29 – Biological assets and agricultural products;
- CPC 37 – First time adoption of International Accounting Standards and CPC 43 Initial adoption of CPC standards 15 through 40;
- CPC 38 – Financial instruments: recognition and measurement;
- CPC 39 – Financial instruments: presentation;
- CPC 40 – Financial instruments: disclosure

## **3. Summary of Significant Accounting Policies**

The quarterly information was prepared in accordance with the principles, practices and criteria adopted for the preparation of the financial statements as of March 31, 2010, except for the adoption for the first time of the hedging accounting, which quarterly information must be read together with the financial statements.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 3. Summary of Significant Accounting Policies (Continued)

### Hedge accounting

As from the quarter ended June 30, 2010, the Company adopted the hedge accounting in accordance with Directive OCPC 03– Financial instruments, as approved by Circular Letter CVM/SNC/SEP 03/2009 for the accounting of future sugarcane export revenues deemed highly probable. The effects resulting from the adoption of the hedge accounting are described in Note 20 to the financial statements.

Up to March 31, 2010, the Company has not adopted the hedge accounting method, despite of using the derivatives mainly for hedge purposes and, for this reason, the related variations on the derivative fair value were recorded directly in the statement of income, under Financial, net. As from April 1, 2010, the Company adopted the cash flow hedge to certain derivative financial instruments allocated for such purpose.

Upon such adoption, the variations on the fair value of the derivatives allocated to hedge the cash flow were directly recorded in the shareholders' equity, as regards to the hedge portion considered effective. Afterwards, the amount recorded in shareholders' equity is transferred to income at the same period in which the hedged item (sales revenues) affects the income statement. As regards to the market value variation of the non-effective derivatives, the fair value variations are recognized in the financial results together with the results of the other derivatives not allocated to the hedge accounting.

In the event the derivative instrument allocated for hedge accounting purposes is not effective, expires, is sold, terminated or exercised, the hedge accounting must be discontinued on a prospective basis. The gain or loss previously accumulated and recorded in shareholders' equity will remain until the estimated transactions are carried out.

At the time of designation of the hedge relationship, it is expected that the hedge is highly effective because the critical terms of the hedging instrument and the hedged forecast transaction risks are equal and symmetrical. The highly probable forecast transaction is covered until its effective realization. At the time of designation of the hedge relationship, the allocation of derivatives covering the risk of change in the price of sugar provided for future transactions (export earnings) takes into account the commercial screen contracted in the future position.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 3. Summary of Significant Accounting Policies (Continued)

### Hedge accounting (Continued)

At each reporting date, the Company reassesses the hedge's expected effectiveness prospectively and measures the true effectiveness of the hedge retrospectively. The real effectiveness of the hedge is measured by the method of the coverage ratio on a cumulative basis (since the start of coverage). The coverage is considered highly effective if the compensation effect of the variation of the item being hedged by the hedging instrument is in the range of tolerance of 80% to 125%. The company differs in shareholders' equity the effective portion of gains and losses on hedging instruments for the entire period of coverage until they are transferred to the result in the period of the transactions covered. The ineffective portion of hedge is transferred immediately to the financial result.

### Other derivative financial instruments not allocated for hedge accounting purposes

The derivative instruments not allocated for hedge accounting purposes are stated at fair value under financial results.

### Consolidation of quarterly information

The consolidated quarterly information was prepared in accordance with the basic consolidation principles, including the following main procedures: (i) elimination of asset and liability accounts amongst the consolidated companies; (ii) elimination of investments, proportionally to the parent company's interest in the subsidiaries' shareholders' equity; (iii) elimination of revenues and expenses resulting from the businesses carried out amongst the consolidated companies; and (iv) elimination of unrealized revenues arising from consolidated intercompany transactions, as necessary.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 3. Summary of Significant Accounting Policies (Continued)

### Consolidation of quarterly information (Continued)

The year end for the companies included in the consolidation is the same for the Company's year end, adjusted in order to reflect the effects for the quarter, in accordance with the accounting practices adopted for the consolidated companies according to those adopted on March 31, 2010.

The special purpose companies are consolidated when such companies are controlled by the Company. The control indicators include, among others, an evaluation of the Company's exposure to the special purpose company's risks and benefits.

The main consolidated companies are listed below:

	Direct and indirect interest as of	
	06/30/10	03/31/10
Administração de Participações Aguassanta Ltda.	91.5%	91.5%
Cosan S.A Açúcar e Álcool	99.6%	99.6%
Águas da Ponte Alta S.A. (1)	99.6%	99.6%
Vale da Ponte Alta S.A.	99.6%	99.6%
Agrícola Ponte Alta S.A.	99.6%	99.6%
Cosan Centroeste S.A. Açúcar e Álcool	99.6%	99.6%
Barra Bioenergia S.A.	99.6%	99.6%
DaBarra Alimentos S.A.	99.6%	99.6%
Bonfim Nova Tamoio – BNT Agrícola Ltda.	99.6%	99.6%
Benálcool Açúcar e Álcool S.A.	99.6%	99.6%
Barrapar Participações Ltda.	99.6%	99.6%
Aliança Indústria e Comercio de açúcar e Álcool S.A.	99.6%	99.6%
Agrobio Investimentos e Participações S.A. (3)	99.6%	-
Bioinvestments Negócios e Partipações S.A. (3)	99.6%	-
Proud Participações S.A. (3)	99.9%	-
Cosan Distribuidora de Combustíveis Ltda.	99.9%	99.9%
Cosan S.A. Bioenergia	100.0%	100.0%
Cosan International Universal Corporation	100.0%	100.0%
Cosan Finance Limited	100.0%	100.0%
Grançucar S.A. Refinadora de Açúcar	100.0%	100.0%
Cosan Combustíveis e Lubrificantes S.A.	100.0%	100.0%
Copsapar Participações S.A.	90.0%	90.0%
Novo Rumo Logística S.A.	92.9%	92.9%
Rumo Logística S.A.	92.9%	92.9%
Cosan Operadora Portuária S.A.	92.9%	92.9%
Teaçú Armazéns Gerais S.A.	92.9%	92.9%
Teas Terminal Exportador de Álcool de Santos S.A.	66.7%	66.7%
Pasadena Empreendimentos e Participações S.A. (2)	-	-
Cosan Alimentos S.A.	100.0%	100.0%

(1) Year ended December 31 of each year.

(2) Special purpose entity, controlled by the Company.

(3) Companies established upon the payment of rural and urban properties of the plants (Note 8).

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 4. Cash and cash equivalents

	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
Cash	140	247	411	384
Overnight investments	-	-	50,900	50,470
Bank checking accounts	2,262	1,767	72,940	22,740
Amounts pending foreign exchange closing	44,172	125,882	44,868	127,755
Financial investments	38,497	158,029	885,795	877,017
	<b>85,071</b>	<b>285,925</b>	<b>1,054,914</b>	<b>1,078,366</b>

The balance of Overnight investments refers to financial investments in US dollars made with highly-rated banks, are remunerated according to the Federal Funds rate and may be promptly redeemed.

Amounts pending foreign exchange closing refer to receipts of funds in foreign currency from customers located abroad, whose foreign exchange closing with the applicable financial institutions had not occurred as of the balance sheet date.

The balances of financial investments mainly correspond to investments in Bank Deposit Certificates – CDB, allowing immediate redemption, are made with highly-rated banks and accrue in average 101.3% of the Interbank Deposit Certificate – CDI.

## 5. Trade accounts receivable

	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
Domestic	28,947	97,930	547,975	675,008
International	78,843	127,837	127,370	148,655
(-) Allowance for doubtful accounts	(984)	(806)	(56,218)	(57,248)
	<b>106,806</b>	<b>224,961</b>	<b>619,127</b>	<b>766,415</b>

## 6. Inventories

	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
Finished goods:				
Sugar	87,113	10,050	298,889	93,610
Ethanol	98,233	17,194	321,795	56,232
Fuels and lubricants	-	-	271,148	266,461
Harvest costs	134,654	171,331	367,319	434,046
Supplies and other	71,204	63,851	220,000	221,641
(-) Provision for inventory realization and obsolescence	(10,966)	(6,783)	(45,492)	(25,260)
	<b>380,238</b>	<b>255,643</b>	<b>1,433,659</b>	<b>1,046,730</b>



# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 7. Related parties

	<b>Assets</b>			
	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/10</b>	<b>03/31/10</b>	<b>06/30/10</b>	<b>03/31/10</b>
Cosan S.A. Açúcar e Álcool	448,868	276,121	-	-
Cosan Alimentos S.A.	-	122,679	-	-
Pasadena Empreendimentos e Participações S.A.	33,199	22,160	-	-
Rezende Barbosa S.A. Administração e Participações	-	-	86,944	87,071
Cosan Operadora Portuária S.A.	46,270	17,879	-	-
Vertical UK LLP	30,737	10,306	32,490	14,965
Other	4,463	2,238	10,061	4,234
	<b>563,537</b>	<b>451,383</b>	<b>129,495</b>	<b>106,270</b>
Current	<b>(530,338)</b>	<b>(429,223)</b>	<b>(49,883)</b>	<b>(24,859)</b>
Noncurrent	<b>33,199</b>	<b>22,160</b>	<b>79,612</b>	<b>81,411</b>
	<b>Liabilities</b>			
	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/10</b>	<b>03/31/10</b>	<b>06/30/10</b>	<b>03/31/10</b>
Cosan Finance Limited	688,022	668,395	-	-
Rezende Barbosa S.A. Administração e Participações	-	-	109,798	-
CCL Finance Limited	329,072	317,844	-	-
Cosan Combustíveis e Lubrificantes S.A.	63,115	38,537	-	-
Logisport Armazéns Gerais S.A.	-	-	7,496	11,244
Other	45,998	36,016	2,779	3,172
	<b>1,126,207</b>	<b>1,060,792</b>	<b>120,073</b>	<b>14,416</b>
Current	<b>(147,092)</b>	<b>(92,818)</b>	<b>(120,073)</b>	<b>(14,416)</b>
Noncurrent	<b>979,115</b>	<b>967,974</b>	<b>-</b>	<b>-</b>
	<b>Parent company</b>		<b>Consolidated</b>	
	<b>04/01/10 to 06/30/10</b>	<b>04/01/09 to 06/30/09</b>	<b>04/01/10 to 06/30/10</b>	<b>04/01/09 to 06/30/09</b>
<b>Asset balance transactions</b>				
Fund remittances, net of receipts, credit assignments and advances	205,837	275,819	(53,277)	(75,685)
Sales of finished products, inputs and services (1)	39,990	41,417	-	-
Purchases of finished products, inputs and services (1)	(168,744)	(174,610)	-	-
Sales of finished products, inputs and services to affiliate and related companies	30,919	30,991	76,502	69,059
Merged assets	-	-	-	138,682
Financial revenues	4,152	1,777	-	-
	<b>112,154</b>	<b>175,394</b>	<b>(23,225)</b>	<b>132,056</b>
<b>Liability balance transactions</b>				
Fund raising (payments)	34,559	72,790	8,085	(3,532)
Purchase of sugarcane raw materials from associated company	-	-	113,742	23,618
Financial expense (revenue)	30,856	(120,989)	-	(60,275)
	<b>65,415</b>	<b>(48,199)</b>	<b>105,657</b>	<b>(64,324)</b>

(1) It consists of operations carried out between Cosan's direct and indirect subsidiaries included in the consolidation.

## **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

### **7. Related parties (Continued)**

The purchase and sale transactions are carried out at prices and under conditions similar to those existing in the market.

The credit balance of Cosan S.A Açúcar e Álcool as of June 30, 2010, corresponds to funds remitted to its indirect subsidiary Cosan Centroeste S.A., which remittances were made for account and at the order of such subsidiary and which bear no interest.

On January 21, 2010, Pasadena Empreendimentos and Participações S.A. ("Pasadena") was incorporated. Pasadena was formed with the specific purpose of managing the gas station chain acquired by the Company. As of June 30, 2010, the Company had made advances in the amount of R\$33,199 under a purchase and sale agreement covering 46 gas stations, of which 19 stations had already been acquired.

The receivable of Cosan Alimentos S.A. essentially relates to advances made for a future capital increase in that company. These advances do not accrue interest. For the quarter ended June 30, 2010, upon raising of funds with BNDES, the parent company settled such balance.

The receivable of Cosan Operadora Portuária S.A. refers to advances to freight payments. These advances do not accrue interest.

The receivable of associated company Vertical UK LLP refers to the sale of ethanol, the receipt period of which is 30 days.

The balance payable to Cosan Finance Limited refers to future sugar export prepayment loan agreements to be settled in 2014, 2015 and 2016, which are subject to the US dollar exchange variation and Libor annual interest rate, plus spread from 4.75% to 4.85% per year.

The balance payable to Rezende Barbosa S.A. Administração e Participações ("Rezende Barbosa") refers to the purchase of sugarcane raw materials to be settled during the current year. Moreover, the balance receivable refers to the credits assumed by Rezende Barbosa, in connection with the acquisition of Cosan Alimentos.

The balance payable to CCL Finance Limited refers to prepayment contracts for future sugar exports to be settled in 2014, which is subject to US Dollar exchange variation and annual interest of 9.5%.

The balance payable to Cosan CL refers to financial funds remitted to the Company, without interest.

The balance payable to Logisport Armazéns Gerais S.A. refers to the outstanding payment of interest acquired.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 7. Related parties (Continued)

At June 30, 2010, the Company and its subsidiary Cosan Açúcar e Alcool were lessees of approximately 68,000 hectares of related companies land (unaudited information). Furthermore, the Company has acquired, as of the quarter ended June 31, 2010, 2,420 thousand metric tonnes of sugar cane from Rezende Barbosa (unaudited information). These operations are carried out under conditions and prices similar to those prevailing in the market, calculated based on sugarcane tons per hectare, valued in accordance with the price established by CONSECANA.

## 8. Investments

	Parent company							
	Investees				Investor			
	Shareholders' equity	Net income for the year	Equity interest %		Investments		Equity in the results	
	06/30/10	04/01/10 to 06/30/10	06/30/10	03/31/10	06/30/10	03/31/10	04/01/10 to 06/30/10	04/01/09 to 06/30/09
Administração de Participações								
Aguassanta Ltda.	141,393	(11)	91.5	91.5	129,372	129,382	(10)	1,150
Cosan S.A. Açúcar e Alcool	2,886,987	(112)	95.1	95.1	2,744,861	2,744,968	(107)	24,493
Copsapar Participações S.A.	210,856	14,479	90.0	90.0	189,770	173,842	15,928	(11,773)
Novo Rumo Logística S.A.	295,247	20,342	28.8	28.8	84,017	77,924	7,166	(324)
TEAS - Terminal Exportador de Alcool de Santos S.A. (2)	47,925	195	66.7	66.7	31,950	39,121	130	114
Cosan S.A. Bioenergia	132,859	1,225	100.0	100.0	132,859	131,634	1,225	1,963
Radar Propriedades Agrícolas S.A.	823,662	5,066	18.9	18.9	155,828	154,836	992	1,282
Cosan International Universal Corporation	614	-	100.0	100.0	614	607	-	118
Cosan Finance Limited	22,577	(863)	100.0	100.0	22,577	23,179	(863)	1,167
Cosanpar Participações S.A. (1)	-	-	-	-	-	-	-	72,212
Cosan Combustíveis e Lubrificantes S.A.	1,869,395	35,161	100.0	100.0	1,869,369	1,901,333	35,161	21,893
Cosan Alimentos S.A. (3)	257,140	(5,423)	100.0	100.0	714,761	715,385	(5,149)	1,651
Proud Participações S.A. (4)	58,957	-	93.4	-	55,038	-	-	-
Other investments	-	-	-	-	26,820	20,012	(1,918)	(4,954)
	<b>6,157,836</b>				<b>6,112,223</b>		<b>52,555</b>	<b>108,992</b>

(1) Merged by Cosan CL on June 23, 2009;

(2) The investment balances, as of June 30 and March 31, 2010, include the goodwill generated from the acquisition of shares in the amount of R\$7,301;

(3) As of June 30, 2010, this includes the amounts of R\$365,240 (R\$360,716 as of March 31, 2010) and R\$92,380 (R\$102,952 as of March 31, 2010) related to the advances for future capital increase and goodwill from acquisition of Curupay, respectively;

(4) Established upon payment of rural and urban real estate properties; and

(5) Including equity in the losses on negative liabilities, in the amount of R\$ 1,918.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 30, 2010 and 2009  
(In thousands of reais)

## 8. Investments (Continued)

As of the quarter ended June 30, 2010 and 2009, the account Investments showed the following transactions:

	Parent company		Consolidated	
	04/01/10 to 06/30/10	04/01/09 to 06/30/09	04/01/10 to 06/30/10	04/01/09 to 06/30/09
Opening balances	6,112,223	4,788,932	193,123	278,209
Equity pickup	54,473	108,992	992	(3,554)
Investment additions and advance for future capital increase	4,524	4,000	-	4,000
Payment of capital with property, plant and equipment and additions resulting from merger/spin-off	55,038	334,072	-	2,769
Investment acquisition advancement write-off	-	-	-	(100,000)
Merger goodwill	-	(18,194)	-	-
Dividends	(68,198)	-	-	-
Other	(224)	(1,660)	(490)	(133)
Final balances	<u>6,157,836</u>	<u>5,216,142</u>	<u>193,625</u>	<u>181,291</u>

## 9. Property, plant and equipment

	Average annual depreciation rates (%)	Parent company			
		06/30/10		03/31/10	
		Cost	Accumulated depreciation/amortization	Net	Net
<i>Land and rural properties</i>	-	5,045	-	5,045	59,591
Machinery, equipment and installations	10	537,804	(308,859)	228,945	214,814
Aircraft	10	13,395	(13,308)	87	460
Vehicles	20	86,696	(43,208)	43,488	25,682
Furniture, fixtures and computer equipment	18	31,147	(16,024)	15,123	14,624
Buildings and improvements	4	174,728	(35,524)	139,204	139,987
Construction in progress	-	113,365	-	113,365	101,344
Sugarcane planting costs	20	484,592	(251,790)	232,802	233,210
Parts and components to be periodically replaced	100	103,850	(41,261)	62,589	82,410
Other	-	416	-	416	-
		<u>1,551,038</u>	<u>(709,974)</u>	<u>841,064</u>	<u>872,122</u>
	Average annual depreciation rates (%)	Consolidated			
		06/30/10		03/31/10	
		Cost	Accumulated depreciation/amortization	Net	Net
<i>Land and rural properties</i>	-	210,922	-	210,922	210,429
Machinery, equipment and installations	11	3,641,854	(1,621,722)	2,020,132	1,896,446
Aircraft	10	30,903	(13,795)	17,108	4,995
Vehicles	19	264,103	(145,733)	118,370	89,004
Furniture, fixtures and computer equipment	18	138,330	(93,611)	44,719	40,007
Buildings and improvements	4	1,049,733	(307,919)	741,814	714,588
Wagons	3	87,829	(288)	87,541	-
Construction in progress	-	1,451,237	-	1,451,237	1,408,252
Sugarcane planting costs	20	1,523,794	(754,568)	769,226	749,851
Parts and components to be periodically replaced	100	306,215	(108,280)	197,935	245,178
Advances for purchase of property, plant and equipment	-	175,010	-	175,010	200,634
Other	-	2,025	-	2,025	1,681
		<u>8,881,955</u>	<u>(3,045,915)</u>	<u>5,836,039</u>	<u>5,561,065</u>

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 9. Property, plant and equipment (Continued)

The consolidated balance of construction in progress and advances for fixed asset purchases corresponds, substantially, to (i) investments in co-generation capacity, (ii) upgrading and expansion of industrial plants, (iii) expanding warehousing capacity, and (iv) advances for purchases of locomotives.

As of the quarters ended June 30, 2010 and 2009, the property, plant and equipment account showed the following transactions:

	Parent company		Consolidated	
	04/01/10 to 06/30/10	04/01/09 to 06/30/09	04/01/10 to 06/30/10	04/01/09 to 06/30/09
Opening balances	872,122	789,259	5,561,065	3,493,947
Additions to the property plant and equipment	114,707	55,138	597,000	420,618
Write-offs	(209)	(3,923)	(2,353)	(14,563)
Transfer to intangible assets			(15,889)	
Depreciation and amortization		-	(303,784)	
Offset due to capital contribution in subsidiaries	(55,038)			
Additions due to merger/acquisition				812,985
Closing balances	841,064	768,685	5,836,039	4,516,362

## 10. Intangible

	Parent company		03/31/10
	06/30/10	06/30/10	
	Cost	Accumulated amortization	Net
<u>Goodwill (amortized on a straight-line basis until March 31, 2009)</u>			
Acquisition of JVM Participações S.A.	63,720	(53,100)	10,620
Acquisition of Grupo Mundial	127,953	(40,518)	87,435
Payment of capital, Mundial	21,142	(6,342)	14,800
Acquisition of Corona (ABC 125 and ABC 126)	267,824	(84,811)	183,013
Acquisition of Usina Açucareira Bom Retiro S.A.	115,165	(33,590)	81,575
	595,804	(218,361)	377,443
<u>Other intangibles</u>			
Software (amortization at the rate of 20% p. a.)	48,085	(26,128)	21,957
	643,889	(244,489)	399,400

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 10. Intangible (Continued)

	Consolidated			
	06/30/10		03/31/10	
	Cost	Accumulated amortization	Net	Net
<u>Goodwill (amortized on a straight-line basis until March 31, 2009)</u>				
Acquisition of JVM Participações S.A.	63,720	(53,100)	10,620	10,620
Acquisition of Cosan Açúcar e Álcool	35,242	(34,684)	558	558
Formation of FBA	22,992	(18,585)	4,407	4,407
Acquisition of Univalem S.A. Açúcar e Álcool	24,118	(19,100)	5,018	5,018
Acquisition of Grupo Destivale	69,918	(27,424)	42,494	42,494
Acquisition of Grupo Mundial	127,953	(40,518)	87,435	87,435
Payment of capital, Mundial	21,142	(6,342)	14,800	14,800
Acquisition of Corona	818,831	(255,815)	563,016	563,016
Acquisition of Usina Açucareira Bom Retiro S.A.	115,165	(33,590)	81,575	81,575
Acquisition of Usina Santa Luíza	47,053	(4,705)	42,348	42,348
Acquisition of Benálcool	167,300	(18,053)	149,247	149,247
Acquisition of Aliança	1,860	-	1,860	1,860
Acquisition of Cosan CL	1,522,458	(134,396)	1,388,062	1,378,696
Acquisition of Teaçu	73,668	-	73,668	69,145
Formation of Curupay (Cosan Alimentos) (1)	92,380	-	92,380	102,952
Acquisition of Açúcar União	74,832	(57,371)	17,461	17,461
Acquisition of Destilaria Paraguaçu	166,656	-	166,656	166,656
Subscription of shares of Nova América	121,893	-	121,893	121,893
Purchase of shares of TEAS	7,301	-	7,301	7,301
	<b>3,574,482,05</b>	<b>(703,683)</b>	<b>2,870,799</b>	<b>2,867,482</b>
<u>Other intangibles</u>				
Software (amortization at the rate of 20% p. a.)	98,123	(60,599)	37,524	29,251
Other	13,703	(787)	12,916	4,575
	<b>111,826</b>	<b>(61,386)</b>	<b>50,440</b>	<b>33,826</b>
	<b>3,686,308</b>	<b>(765,069)</b>	<b>2,921,239</b>	<b>2,901,308</b>

(1) Reversal of goodwill due to the partial return of provision for losses, in the amount of R\$10,572.

As of the quarters ended June 30, 2010 and 2009, the intangibles account showed the following transactions:

	Parent company		Consolidated	
	04/01/10 to 06/30/10	04/01/09 to 06/30/09	04/01/10 to 06/30/10	04/01/09 to 06/30/09
Opening balances	399,648	403,918	2,901,308	2,418,753
Accretion to goodwill, net of offsets	-	18,194	3,317	85,162
Increase in software and other intangibles	1,860	-	3,404	-
Accretion from acquisitions/mergers	-	-	-	306,010
Goodwill derived from disposals	-	-	-	(85,589)
Transfers of property, plant and equipment	-	-	15,889	-
Amortization of software and other intangibles	(2,332)	(2,234)	(7,946)	-
Others	224	3,888	5,267	-
Closing balances	<b>399,400</b>	<b>423,766</b>	<b>2,921,239,811</b>	<b>2,724,336</b>

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
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## 11. Taxes and social contributions payable

	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
ICMS	952	8,865	37,938	49,197
IPI	349	886	15,419	6,379
INSS	6,943	6,933	24,011	23,891
PIS	71	1,120	4,678	8,129
COFINS	324	5,153	21,772	32,076
Installment payments – Refis IV	98,313	97,703	662,653	665,470
Income and social contribution taxes payable	-	-	6,005	2,597
Other	11,737	9,618	22,736	21,628
	<b>118,689</b>	<b>130,278</b>	<b>795,212</b>	<b>809,367</b>
Current liabilities	<b>(30,886)</b>	<b>(42,633)</b>	<b>(197,350)</b>	<b>(215,862)</b>
Noncurrent liabilities	<b>87,803</b>	<b>87,645</b>	<b>597,862</b>	<b>593,505</b>

Noncurrent amounts will become due as follows:

	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
13 to 24 months	12,070	11,732	64,113	60,349
25 to 36 months	8,596	9,326	60,289	57,933
37 to 48 months	6,411	6,525	54,702	54,991
49 to 60 months	6,389	6,169	54,635	51,241
61 to 72 months	6,063	6,043	53,842	51,026
73 to 84 months	5,736	5,521	45,126	44,303
85 to 96 months	5,736	5,521	41,604	38,911
As from 97 months	36,802	36,808	223,551	234,751
	<b>87,803</b>	<b>87,645</b>	<b>597,862</b>	<b>593,505</b>

The Company and its subsidiaries must comply with several conditions to continue benefiting from the installment payment programs, particularly with the regular payment of the installments as required by applicable law. The required conditions are fully complied by the Company and its subsidiaries.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 12. Income and social contribution taxes

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

	Parent company		Consolidated	
	04/01/010 to 06/30/10	04/01/09 to 06/30/09	04/01/010 to 06/30/10	04/01/09 to 06/30/09
Operating profit (loss) before income tax and social security contribution	(13,791)	450,588	29,128	485,604
Income tax and social security contribution at nominal rate (34%)	4,689	(153,200)	(9,904)	(165,105)
Adjustments made for determining the effective rate:				
Equity pickup	18,521	37,057	(119)	(1,208)
Amortization of non-deductible goodwill		4,992	-	11,653
Non-deductible donations and contributions	(422)	(388)	(1,464)	(489)
Recognized granted options	(173)	(1,183)	(173)	(1,183)
Claims related to income tax	-	-	(2,248)	-
Others	(105)	(597)	(4,599)	(1,567)
Total of deferred and current taxes	22,510	(113,319)	(18,507)	(157,899)
Effective rate	-	25.15%	63.54%	32.52%

### b) Deferred income and social contribution tax assets:

	Parent company				03/31/10 Total
	06/30/10				
	Base	IRPJ 25%	CSSL 9%	Total	
Provisions for court judgments and other interim differences	148,029	37,007	13,323	50,330	50,183
Tax losses	299,906	74,976	-	74,976	82,878
Social security contribution negative basis	300,007	-	27,001	27,001	29,845
		111,983	40,324	152,307	162,906
Exchange variation	(421,828)	(105,457)	(37,964)	(143,421)	(152,320)
Tax implications of Law No. 11,638/07	(91,491)	(22,873)	(8,234)	(31,107)	(48,997)
Goodwill	(68,629)	(17,157)	(6,177)	(23,334)	(19,380)
		(145,487)	(52,375)	(197,862)	(220,697)
<b>Total deferred taxes</b>		<b>(33,504)</b>	<b>(12,051)</b>	<b>(45,555)</b>	<b>(57,791)</b>
Current assets				12,695	12,680
Non-current assets				139,612	150,226
Non-current liabilities				(197,862)	(220,697)

  

	Consolidated				03/31/10 Total
	06/30/10				
	Base	IRPJ 25%	CSSL 9%	Total	
Provisions for court judgments and other interim differences	986,238	246,560	88,761	335,321	339,689
Tax losses	822,432	205,608	-	205,608	217,360
Social security contribution negative basis	834,729	-	75,126	75,126	79,375
		452,168	163,887	616,055	636,424
Exchange variation	(511,825)	(127,955)	(46,064)	(174,019)	(183,449)
Tax implications of Law No. 11,638/07	(91,491)	(22,874)	(8,234)	(31,108)	(48,998)
Goodwill	(400,491)	(100,123)	(36,044)	(136,167)	(114,152)
		(250,952)	(90,342)	(341,294)	(346,599)
<b>Total deferred taxes</b>		<b>201,216</b>	<b>73,545</b>	<b>274,761</b>	<b>289,825</b>
Current assets				94,581	76,310
Non-current assets				521,474	560,114
Non-current liabilities				(341,294)	(346,599)

Deferred income and social contribution tax on accumulated loss must be realized within 10 years, according to the Company's and its subsidiaries' expected profitability shown in financial projections prepared by management.



## COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
 June 31, 2010 and 2009  
 (In thousands of reais)

### 12. Income and social contribution taxes (Continued)

#### b) Deferred income and social contribution tax assets--Continuação

The Company expects to realize non-current tax credits and debts in the course of the following years:

	<b>Assets</b>			
	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/10</b>	<b>03/31/10</b>	<b>06/30/10</b>	<b>03/31/10</b>
2012	<b>10,636</b>	10,622	<b>97,840</b>	84,818
2013	<b>16,424</b>	16,409	<b>97,479</b>	93,328
2014	<b>16,355</b>	16,340	<b>76,804</b>	68,303
2015 to 2017	<b>81,098</b>	84,688	<b>188,452</b>	194,445
2018 to 2019	<b>15,099</b>	22,167	<b>60,899</b>	119,220
	<b>139,612</b>	150,226	<b>521,474</b>	560,114

  

	<b>Liabilities</b>			
	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/10</b>	<b>03/31/10</b>	<b>06/30/10</b>	<b>03/31/10</b>
2012	<b>17,453</b>	20,132	<b>23,573</b>	23,245
2013	<b>17,453</b>	20,132	<b>23,573</b>	23,245
2014	<b>17,453</b>	20,132	<b>23,573</b>	23,245
2015 to 2017	<b>52,359</b>	60,394	<b>123,495</b>	69,733
2018 to 2019	<b>93,144</b>	99,907	<b>147,080</b>	207,131
	<b>197,862</b>	220,697	<b>341,294</b>	346,599

Tax credit recovery estimates were based on taxable profit projections, taking into consideration several financial and business assumptions on the balance sheet preparation date.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 13. Loans and financing

Description	Financial charges (1)			Parent company		Consolidated		Final maturity	Guarantees (2)	
	Index	Annual average interest rate		06/30/10	03/31/10	06/30/10	03/31/10		06/30/10	03/31/10
Senior Notes Due 2014	Dollar (US)	Interest of 9.5%	-	-	653,653	631,246	August/2014	-	-	
Senior Notes Due 2017	Dollar (US)	Interest of 7.0%	-	-	741,477	720,573	February/2017	-	-	
BNDES (3)	URTJLP	Interest of 3.1%	-	-	1,336,207	1,057,775	October/2025 March/2018 April/2018 April/2015 November/2012 January/2013 October/2012	Credit rights from electric energy sale agreements	Credit rights from electric energy sale agreements	
Bank credit certificate	CDI	Interest of 0.6%	-	-	60,146	61,444	December/2011	Conditional sale	-	
ACC	Dollar (US)	Interest of 1.9%	184,184	296,375	184,184	296,375	March/2011	-	-	
Bonuses in perpetuity	Dollar (US)	Interest of 8.3%	820,229	810,896	820,229	810,896	-	-	-	
Resolution 2471	IGP-M Fixed	Interest of 4.0% Interest of 3.0%	102,920 121	99,493 121	625,082 121	603,504 121	December/2020 October/2025	Treasury certificates and mortgaged lands	Treasury certificates and mortgaged lands	
Prepayments	Dollar (US) + Libor	Interest of 6.3%	453,166	537,390	899,110	980,533	September/2014	-	-	
Credit note	123.4% CDI Dollar (US)	- Interest of 6.2%	304,849 182,089	311,916 182,831	304,849 182,089	378,748 182,830	October/2012	-	-	
Finame	Fixed URTJLP Dollar (US)	Interest of 4.9% Interest of 4.0% Interest of 7.6%	45,069 19,044 -	225 20,162 -	253,531 89,374 77	106,255 94,775 84	January/2022 March/2018 November/2012	Statutory lien on purchased assets	Statutory lien on purchased assets	
Other	Sundry	Sundry	-	-	73,194	56,286	Sundry	Mortgage, inventories and statutory lien on purchased assets	Mortgage, inventories and statutory lien on purchased assets	
Expenses incurred with security placement			(15,582)	(18,488)	(40,335)	(44,014)	-	-	-	
Current			2,096,089	2,240,921	6,182,988	5,937,431				
Non-current			(465,333)	(500,142)	(860,304)	(800,902)				
			1,630,756	1,740,779	5,322,684	5,136,529				

(1) Financial charges as of June 30, 2010, except as indicated otherwise;

(2) All loans and financings are secured by promissory notes and sureties posted by the Company, its subsidiaries and controlling shareholders, in addition to the collateral described above; and

(3) These correspond to funds secured by direct and indirect subsidiaries, Cosan S.A. Bioenergia, Barra Bioenergia S.A. and Cosan Centroeste S.A. Açúcar e Alcool, for the purpose of financing cogeneration and greenfield projects.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 13. Loans and financing (Continued)

Noncurrent loans, net of expenses with placement of notes, have the following scheduled maturities:

	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
13 to 24 months	<b>347,528</b>	333,679	<b>667,403</b>	612,101
25 to 36 months	<b>358,718</b>	510,570	<b>657,849</b>	748,966
37 to 48 months	<b>7,921</b>	33	<b>767,603</b>	235,191
49 to 60 months	<b>5,005</b>	26	<b>379,000</b>	849,737
61 to 72 months	<b>8</b>	8	<b>150,325</b>	113,057
73 to 84 months	<b>8</b>	8	<b>870,053</b>	825,623
85 to 96 months	<b>18,013</b>	8	<b>178,415</b>	109,472
As from 97 months	<b>893,555</b>	896,447	<b>1,652,036</b>	1,642,382
	<b>1,630,756</b>	1,740,779	<b>5,322,684</b>	5,136,529

### Senior Notes due on 2014

On August 4, 2009, the indirect subsidiary CCL Finance Limited issued US\$350,000 of Senior Notes in the international capital markets according to Regulations S and 144A that bear interest at a rate of 9.5% per annum, payable semi-annually in February and August of each year, from February 2010.

### Senior Notes due in 2017

On January 26, 2007, wholly-owned subsidiary Cosan Finance Limited issued Senior Notes in the international capital markets under Rule 144A and Regulation S, in the amount of US\$400 million. These Senior Notes bear interest at a rate of 7% per annum, payable semi-annually in February and August of each year.

### Advance Against Exchange Agreements and Credit Note

Certain advances against exchange agreements and credit notes were taken out from several banking institutions and will be settled against export proceeds over 2012. These transactions bear interest at rates that vary between 1.7% and 6.2% per annum, payable semi annually at each maturity date.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## 13. Loans and financing (Continued)

### Perpetual Notes

On January, 24 and February 10, 2006, the Company issued perpetual notes in the international market in accordance with Regulations S and Rule 144A, in the amount of US\$450 million for qualified institutional investors. Perpetual notes are listed in the Luxemburg Stock Exchange - EURO MTF and bear interest of 8.25% per year, payable quarterly on the 15th of May, August, November and February of each year, beginning May 15, 2006. These notes may, at the discretion of the Company, be redeemed as from February 15, 2011 on any interest payment date, for their face value. Perpetual notes are secured by the Company and Cosan Açúcar e Alcool.

### Resolution 2471

From 1998 to 2000, the Company and its subsidiaries renegotiated their debt related to agricultural funding with several financial institutions, thereby reducing their financial cost to annual interest rates below 10% and guaranteeing the amortization of the updated principal amount with the assignment and transfer of CTNs - Restricted Brazilian Treasury Bills redeemable on the debt maturity dates, using the tax incentive introduced by Resolution No. 2471, issued by the Central Bank of Brazil on February 26, 1998. On June 30, 2010, these certificates, classified as noncurrent assets, amounted to R\$33,040 (R\$31,234 as of March 31, 2010), at the Company, and R\$217,550 (R\$205,657 as of March 31, 2010), at consolidated. Payments pursuant to such certificates are remunerated based on the IGP-M variation plus annual interest of 12%. Upon payment of the debt, the redemption value should be similar to the amount of the renegotiated debt. Interest referring to these financings is paid annually and principal is to be entirely settled in 2020 at the Company, and in 2025 at consolidated.

### Advanced payments

During the year ended March 31, 2010, the Company and its subsidiary Cosan Alimentos S.A. funded R\$924,327, the equivalent to US\$530,000 thousand as advances for future sugar exports to be settled in 2012 and 2014. Exchange rate variation and annual interests based on the Libor rate, plus 6.2% spread p.a. are levied over these advances.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## 13. Loans and financing (Continued)

### FINAME

This refers to loans associated with the financing of machinery and equipment (FINAME – Financiamento de Máquinas e Equipamentos) obtained from several financial institutions. These loans are intended to fund capital expenditures. These loans bear interest at rates that vary between 3.0% to 5.0% per annum, payable monthly, and are secured by statutory liens on the purchased assets.

### Restrictive covenants

The Company and its subsidiaries are subject to certain restrictive covenants contained in loan and financing agreements, based on certain financial indicators ascertained on an annually basis.

Restrictive covenants have been met by the Company and its subsidiaries.

## 14. Provision for judicial demands

	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
Tax issues	40,823	40,144	403,538	397,051
Civil and labor	39,725	37,044	221,415	214,932
	80,548	77,188	624,953	611,983
Court deposits	(6,085)	(5,632)	(168,870)	(167,562)
	<u>74,463</u>	<u>71,556</u>	<u>456,083</u>	<u>444,421</u>

For the quarters ended June 30, 2010 and 2009, the provision for legal claims was as follows:

	Parent company		Consolidated	
	04/01/10 to 06/30/10	04/01/09 to 06/30/09	04/01/10 to 06/30/10	04/01/09 to 06/30/09
Opening balances	71,556	236,633	444,421	1,105,899
Formation, net	3,488	592	10,656	2,890
Inflation adjustment	(131)	3,686	2,972	12,699
Accretion from acquisitions, net of write-offs	-	-	-	16,331
Others	(450)	(1,011)	(1,966)	(2,359)
	<u>74,463</u>	<u>239,900</u>	<u>456,083</u>	<u>1,135,460</u>

The Company and its subsidiaries are party to various ongoing labor claims, civil and tax proceedings arising from the normal course of their business.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## 14. Provision for judicial demands (Continued)

Respective provisions for judicial demands were recorded considering those cases in which the likelihood of loss has been rated as probable based on the opinion of legal advisors. Management believes resolution of these disputes will have no effect significantly different than the estimated amounts accrued.

### Court proceedings deemed as probable losses

The main tax judicial demands at June 30, 2010 and March 31, 2010, are as follows:

Description	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
IPI (i)	6,345	6,290	8,442	8,357
IPC – 89 (ii)	-	-	87,772	86,503
Finsocial offsetting (iii)	-	-	175,339	172,960
ICMS credits	16,937	16,553	66,979	60,240
PIS and Cofins	4,352	4,297	21,467	21,212
IRPJ and CSLL	797	789	797	789
Others	12,392	12,215	42,742	46,990
	<u>40,823</u>	<u>40,144</u>	<u>403,538</u>	<u>397,051</u>

- (i) During the year ended March 31, 2010, the Company and its direct and indirect subsidiaries Cosan Alimentos, Cosan Açúcar e Alcool, Bonfim Nova Tamoió – BNT Agrícola Ltda., Benalcool Açúcar e Alcool S.A. and Administração de Participações Aguassanta Ltda. opted for the payment in installments of Refis IV, related to ongoing legal demands involving undue use of IPI credit premium and other federal taxes. In addition, the Company and its subsidiaries utilize accumulated tax losses to pay these demands and the fines and interest thereof. Subsequently, the claims related to the remaining credit premium - IPI were fully paid for in installments, as well as installments of other federal taxes, which were recorded under taxes and contributions payable.
- (ii) In 1993 subsidiary Cosan CL filed a suit to challenge the balance sheet restatement index (IPC) established by the federal government in 1989, which index did not reflect the actual inflation back then. The use of this index caused the Company to supposedly overstate and overpay the IRPJ and CSLL. Cosan CL obtained a favorable preliminary order that allowed it to recalculate the balance sheet restatement, now using indexes that accurately measured the inflation over the relevant period. In doing so the company rectified the amounts of IRPJ and CSLL payable. Identified overpayments for both taxes were offset in subsequent years until 1997, when the balance was zeroed. Despite the favorable court rulings, tax authorities issued a notice of infringement to the Company challenging all tax offsets performed in 1993 and some offsets in 1994 and 1997. Given the contingent nature of this tax offsetting, associated amounts were also recorded as a provision for court rulings and have been restated against the variation of the SELIC rate.
- (iii) From June through December 1994, subsidiary Conan CL offset COFINS and several other taxes with previously paid amounts of FINSOCIAL. This offsetting was backed in a preliminary order issued by a court of competent jurisdiction in a suit brought to challenge the constitutionality of FINSOCIAL.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 14. Provision for judicial demands (Continued)

### Court proceedings deemed as probable losses (Continued)

In 1995 Cosan CL was declared exempt from COFINS levies. Thus, the company understood that past offsets of COFINS against FINSOCIAL were not in order and in 2003, based on another favorable court ruling relative to FINSOCIAL, concluded that FINSOCIAL credits previously offset against CONFINS were once again available to be offset against other tax liabilities. The Company then offset these credits against IRPJ, CSLL, CIDE, PIS, COFINS and IRRF resulting from its operations. Once again, because of the contingent nature of this procedure the Company recorded the full offset amount as a provision for court rulings until the Federal Revenue Service ratified this offsetting.

In 2008 the Federal Revenue Service dismissed the offsetting performed on the ground that Cosan CL had already used the tax credits to offset COFINS back in 1994. In view of this understanding, the management of the Company decided to challenge the administrative decisions, which is pending judgment at the Taxpayers' Council. The amount recorded as provision for court ruling has been restated against the SELIC rate.

### Court proceedings deemed as possible losses

As regards tax, labor and civil claims whose likelihood of unfavorable outcome is rated as possible, and, as a consequence no provision for lawsuits was recorded in the quarterly financial information, are as follows:

	Parent company		Consolidated	
	06/30/10	03/31/10	06/30/10	03/31/10
Notice of infringement – Income tax withheld at source (i)	185,062	182,824	186,597	182,824
ICMS – State VAT (ii)	42,579	33,550	337,704	322,340
IPI – Federal VAT (iii)	10,681	10,617	265,310	263,597
Offsets against IPI credits – IN 67/98 (iv)	-	-	165,549	174,867
PIS and COFINS	12,246	12,078	145,142	143,556
Civil and labor (v)	77,983	74,695	502,407	490,493
Others	42,571	33,636	137,842	124,389
	<u>371,122</u>	<u>347,400</u>	<u>1,740,550</u>	<u>1,702,066</u>

(i) Notice of infringement – Income tax withheld at source

In September 2006 the Federal Revenue Service served another notice of infringement on the Company, this time for failure to withhold and pay income tax at source on capital gains derived from the acquisition of a subsidiary company. This notice of infringement led to an administrative proceeding which is deemed a likely loss in the opinion of the Company's legal counsels, the amount of which was not recorded as a provision in the Company's quarterly financial information.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## 14. Provision for judicial demands (Continued)

### Court proceedings deemed as possible losses (Continued)

#### (ii) ICMS - Tax on the Circulation of Goods and Transportation Services

This refers essentially to (a) a notice of infringement served on account of an alleged failure to pay ICMS and perform ancillary duties relative to agricultural partnership operations and processing activities outsourced to Central Paulista Açúcar e Alcool Ltda., from May through December 2006, and May through December 2007; (b) ICMS levied on granulated sugar exports which were deemed semi-processed commodities by the tax agent in charge of this assessment, and as such subject to be levied by the ICMS pursuant to the applicable regulation.

#### (iii) IPI - Excise Tax on Manufactured Goods

Normative Instruction SRF No. 67/98 validated a procedure whereby manufacturing plants sold several types of cane sugar, including demerara, higher refined, special refined, special extra refined and granulated refined sugars, without assessing and paying IPI from July 6, 1995 through November 16, 1997, as well as amorphous refined sugar sales from January 14, 1992 through November 16, 1997. This instruction was applied to the relevant proceedings initiated by the Federal Revenue Service, which are deemed as possible losses in the opinion of the Company's legal counsels.

#### (iv) Offsets against IPI credits – IN 67/98

Normative Instruction SRF No. 67/98 made it possible to obtain refund of IPI tax payments for sales of refined amorphous sugar from January 14, 1992 through November 16, 1997. In view of this rule, Cosan Açúcar and Alcool applied for offsetting amounts paid during the relevant periods against other tax liabilities of its own. However, the Federal Revenue Service denied its application for both reimbursement and offsetting of such amounts. Cosan Açúcar and Alcool challenged this ruling in an administrative proceeding.

Upon being notified to pay tax debts resulting from offset transactions in light of certain changes introduced by IN SRF No. 210/02, subsidiary Cosan Açúcar and Alcool filed a writ of mandamus and applied for a preliminary injunction seeking to stay enforceability of offset taxes, in an attempt to prevent the tax authorities from demanding the relevant tax debts in court. The preliminary injunction was granted by the competent court. The legal counsel in charge of this suit has deemed it a probable loss.

The amount offset, duly restated as of June 30, 2010, is R\$164,261 (R\$162,928 as of March 31, 2010). Likewise, subsidiary Cosan Alimentos S.A. holds a similar claim against the Federal Revenue Service in the amount of R\$12,032, duly restated as of June 30, 2010. In view of the opinion of its legal counsels, the management of the Company has seen fit not to establish an accounting provision for the amounts involved in this lawsuit.

#### (v) Civil and labor

The Company and its subsidiaries are party in several civil and labor claims resulting from the normal course of its activities. On June 30, 2010, out of the total amount, R\$31,303 (R\$35,653 as of March 2010) in the parent company and R\$90,873 (R\$235,010 as of March 2010) in the consolidated represent civil claims and R\$46,680 (R\$39,042 as of March 2010) in the parent company and R\$279,033 (R\$255,483 as of March 2010) in the consolidated represent labor claims.



# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## 15. Accounts receivable from federal government

On February 28, 2007, subsidiary Cosan Açúcar e Álcool recognized gain of R\$318,358, corresponding to a lawsuit filed against federal government claiming indemnification for damages since prices of its products, at the time the sector was subject to government control, were imposed not observing the prevailing reality of the sector created by government control itself. A final decision in favor of the subsidiary was handed down. The gain was recorded in the statement of operations for the year, the contra entry being to noncurrent assets of the Company, in receivables from federal government.

The Company awaits a final ruling on the manner of payment. This payment will be effected in the form of court-mandated government bonds which, once issued, will be settled within 10 years.

As of June 30, 2010, the assets reported relative to the suit for loss and damages and related provision for attorney's fees amounted to R\$336,273 and R\$40,353 (R\$333,733 and R\$40,048 as of March 2010), respectively.

Subsidiary Cosan Açúcar e Álcool has other claims for damages of this nature filed against the Federal Government, which are not recognized in accounting since these still represent contingent assets.

## 16. Shareholders' equity

### a) Capital

As of June 30, 2010, the stock capital was divided into 406,560,317 (the same as of March 31, 2010) registered, book-entry shares of common stock at no par value. The authorized capital stock can be increased up to the limit of R\$5,000,000 without any amendment to the by-laws upon resolution of the Board of Directors.

### b) Dividends

On June 7, 2010, the Board of Directors' Meeting was approved the additional distribution of dividends in the amount of R\$83,431, ratified at the Shareholders' Meeting, held on June 30, 2010, which will total R\$200,000 of dividends to be distributed on August 30, 2010.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 30, 2010 and 2009  
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## 16. Shareholders' equity (Continued)

### c) Treasury shares

On June 30, 2010 the Company held in treasury 343,139 book entry common registered shares with no par value, whose market value per share, as of that date, amounted to R\$22.58.

## 17. Management compensation

Directors and executive officers are paid through pro-labore. The amounts related to such compensation are recorded in the statement of income for the three-month period ended June 30, 2010, in the amount of R\$1,142 (R\$1,311 as of June 30, 2009), under General and administrative expenses.

## 18. Financial, net

	Parent company		Consolidated	
	04/01/10 to 06/30/10	04/01/09 to 06/30/09	04/01/10 to 06/30/10	04/01/09 to 06/30/09
<u>Financial expenses</u>				
Interest	(66,799)	(93,114)	(149,863)	(133,144)
Inflation adjustment expense	(2,821)	333	(17,653)	(4,964)
Bank expenses	(46)	(148)	(648)	(904)
	<u>(69,666)</u>	<u>(92,929)</u>	<u>(168,164)</u>	<u>(139,012)</u>
<u>Financial revenues</u>				
Interest	7,773	6,078	26,958	19,769
Inflation adjustment income	895	(88)	8,125	2,139
Income from money market investments	2,251	4,199	17,966	10,612
Discounts earned	10	255	211	571
	<u>10,929</u>	<u>10,444</u>	<u>53,260</u>	<u>33,091</u>
<u>Exchange variation</u>				
Exchange losses <sup>(1)</sup>	(23,826)	352,778	(41,662)	355,794
Exchange gains <sup>(1)</sup>	1,862	(24,807)	9,436	22,743
	<u>(21,964)</u>	<u>327,971</u>	<u>(32,226)</u>	<u>378,537</u>
<u>Net impact of derivatives</u> <sup>(2)</sup>				
Commodity derivatives	(9,323)	(108,882)	13,377	(125,515)
Exchange and interest derivatives	(13,813)	206,705	(5,587)	286,332
	<u>(23,136)</u>	<u>97,823</u>	<u>7,790</u>	<u>160,817</u>
	<u>(103,837)</u>	<u>343,309</u>	<u>(139,340)</u>	<u>433,433</u>

(1) Includes exchange gains (losses) on assets and liabilities denominated in foreign currency; and,

(2) Includes realized and unrealized income from transactions in futures markets, and with options, swaps and NDFs.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## 19. Other operating revenues (expenses), net

	Parent company		Consolidated	
	04/01/10 to 06/30/10	04/01/09 to 06/30/09	04/01/10 to 06/30/10	04/01/09 to 06/30/09
Capital gains from disposal of equity interests, net of losses	-	-	-	93,097
Losses from business combinations	-	-	-	(28,138)
Constitution of provision for judicial demands	(3,488)	(592)	(10,656)	(2,890)
Gain with port transactions	28	1,676	4,404	5,648
Other revenues (expenses), net	(1,157)	1,939	3,923	4,767
	<u>(4,617)</u>	<u>3,615</u>	<u>(2,329)</u>	<u>72,484</u>

## 20. Financial instruments

### a) Risk management

The Company and its subsidiaries are exposed to market risks, especially related to volatility in the price of sugar and volatility in foreign exchange rates. The engagement of financial instruments for hedge purposes is carried out based on the analysis of the risk exposures that management intends to assume.

As of June 30, 2010 and March 31, 2010, the fair values related to the transactions with derivative financial instruments for hedge purposes or other purposes were stated at fair value based on the prices exercised in the active markets or cash flows discounted based on the market curves and were presented as follows:

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
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## 20. Financial instruments (Continued)

### a) Risk management (Continued)

	Parent company y				Consolidated			
	Reference value (R\$ thousand)		Fair value (R\$ thousand)		Reference value (R\$ thousand)		Fair value (R\$ thousand)	
	06/30/10	03/31/10	06/30/10	03/31/10	06/30/10	03/31/10	06/30/10	03/31/10
Price risk								
Good derivatives								
Futures contracts	1,097,468	1,177,437	47,734	112,382	1,097,468	1,177,437	47,734	112,382
Options contracts	40,372	1,074,579	(3,298)	(11,730)	40,372	1,074,579	(3,298)	(11,730)
Swap contracts	-	100,794	-	1,081	-	100,794	-	1,081
			<u>44,436</u>	<u>101,733</u>			<u>44,436</u>	<u>101,733</u>
Exchange rate risk								
Exchange rate derivatives								
Futures contracts	571,660	2,103,056	2,768	471	571,660	2,103,056	2,768	471
Term contracts	1,235,111	957,149	50,259	36,559	1,235,111	957,149	50,259	36,559
Options contracts	934,502	671,502	11,102	15,719	934,502	671,502	11,102	15,719
Swap contracts	322,023	322,023	4,260	7,463	322,023	322,023	-	-
			<u>68,389</u>	<u>60,212</u>			<u>64,129</u>	<u>52,749</u>
Interest rate risk								
Interest derivatives	518,790	518,790	(1,495)	(624)	518,790	518,790	(1,495)	(624)
			<u>(1,495)</u>	<u>(624)</u>			<u>(1,495)</u>	<u>(624)</u>
<b>TOTAL</b>			<u>111,330</u>	<u>161,321</u>			<u>107,070</u>	<u>153,858</u>
<b>Total assets</b>			<u>148,767</u>	<u>238,024</u>			<u>144,507</u>	<u>230,561</u>
<b>Total liabilities</b>			<u>(37,437)</u>	<u>(76,703)</u>			<u>(37,437)</u>	<u>(76,703)</u>

## **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
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### **20. Financial instruments (Continued)**

#### b) Price risk

Price risk results from the variation on the market prices of the products sold by the Company, mainly sugar #11 and #5 or white sugar. These price variations may significantly affect the Company's revenues. In order to mitigate this risk, the Company continuously monitors the market transactions, in order to determine in advance the price variations. The table below shows the consolidated derivative financial instruments transactions to cover the commodities price risk:

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## 20. Financial instruments (Continued)

### b) Price risk (Continued)

<b>Risk price : good derivatives outstanding on June 30, 2010</b>						
Derivatives	Purchased / sold	Market	Agreement	Maturity date	Reference value	Fair value
					(R\$ thousand)	(R\$ thousand)
<i>Balance of derivative financial instruments allocated for hedge accounting purposes</i>						
Swap	Sold	OTC	#11	Sep/10	163,446	29,901
Futures	Sold	NYBOT	#11	Sep/10	149,198	12,717
Futures	Sold	NYBOT	#11	Feb/11	123,141	4,019
Futures	Sold	NYBOT	#11	Apr/11	41,602	4,144
Futures	Sold	NYBOT	#11	Jun/11	155,670	3,864
Futures	Sold	NYBOT	#11	Sep/11	94,189	40
						<b>54,685</b>
<i>Balance of derivative financial instruments not allocated for hedge accounting purposes</i>						
Futures	Sold	LIFFE	White Sugar	Jul/10	25,915	(2,807)
Futures	Sold	LIFFE	White Sugar	Sep/10	19,568	1,180
Futures	Sold	NYBOT	#11	Sep/10	161,012	18,397
						<b>16,769</b>
Futures	Purchased	NYBOT	#11	Sep/10	(7,612)	133
Futures	Purchased	NYBOT	#11	Feb/11	(145,014)	(23,686)
Futures	Purchased	NYBOT	#11	Apr/11	(3,477)	(143)
Futures	Purchased	NYBOT	#11	Jun/11	(3,371)	(158)
						<b>(23,854)</b>
Futures	Purchased	NYMEX	HO	Jul/10	(4,254)	133
						<b>133</b>
Call	Purchased	OTC	#11	Sep/10	(4,193)	139
Call	Purchased	OTC	#11	Sep/10	(4,432)	
						139
						<b>278</b>
Call	Sold	NYBOT/OTC	#11	Sep/10	7,716	(1,129)
Call	Sold	NYBOT/OTC	#11	Sep/10	6,726	(792)
Call	Sold	NYBOT/OTC	#11	Feb/11	5,444	(1,318)
Call	Sold	NYBOT	#11	Feb/11	812	(248)
Call	Sold	NYBOT	#11	Feb/11	289	(89)
						<b>(3,577)</b>
Put	Purchased	NYBOT/OTC	#11	Set/10	6,771	5,086
Put	Purchased	NYBOT/OTC	#11	Set/10	2,364	1,900
						<b>6,986</b>
Put	Sold	NYBOT/OTC	#11	Set/10	(1,475)	(5,086)
Put	Sold	NYBOT/OTC	#11	Set/10	(148)	(1,900)
						<b>(6,986)</b>
Total goods						<b>44,435</b>

# **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## **20. Financial instruments (Continued)**

### c) Foreign exchange risk

Foreign exchange risk results from the possible variations on foreign exchange rates adopted by the Company as regards to its revenues from exports, imports, debt flows and other assets and liabilities denominated in foreign currency. The Company adopts derivative transactions to manage the cash flow risks resulting from the export revenues denominated in US dollars, net of the other cash flows also denominated in foreign currency. The table below shows the outstanding consolidated positions, as of June 30, 2010, of the derivatives adopted to hedge the foreign exchange risks:

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 20. Financial instruments (Continued)

### c) Foreign exchange risk (Continued)

Foreign exchange rate risk : foreign exchange derivatives on June 30, 2010						
Derivatives	Purchased / Sold	Market	Contract	Term	Reference value	Fair value
					(R\$ thousand)	(R\$ thousand)
<i>Balance of derivative financial instruments allocated for hedge accounting purposes</i>						
Term	Sold	OTC/Cetip	NDF	Jul/10	96,800	6,250
Term	Sold	OTC/Cetip	NDF	Aug/10	143,738	6,829
Term	Sold	OTC/Cetip	NDF	Sep/10	10,160	949
Term	Sold	OTC/Cetip	NDF	Sep/10	46,184	3,808
Term	Sold	OTC/Cetip	NDF	Oct/10	147,454	10,526
Term	Sold	OTC/Cetip	NDF	Dec/10	95,625	2,297
Term	Sold	OTC/Cetip	NDF	Jan/11	89,460	4,510
Term	Sold	OTC/Cetip	NDF	May/11	141,281	4,087
Term	Sold	OTC/Cetip	NDF	Jul/11	99,300	733
Term	Sold	OTC/Cetip	NDF	Aug/11	103,750	4,002
Term	Sold	OTC/Cetip	NDF	Oct/11	261,360	6,268
						<b>50,259</b>
<i>Balance of derivative financial instruments not allocated for hedge accounting purposes</i>						
Futures	Sold	BMFBovespa	Commercial dollar	Aug/10	275,412	1,032
Futures	Sold	BMFBovespa	Commercial dollar	Dec/10	129,182	795
Futures	Sold	BMFBovespa	Commercial dollar	Jul/11	340,953	2,121
Futures	Sold	BMFBovespa	Commercial dollar	Aug/11	78,520	486
Futures	Sold	BMFBovespa	Euro	Jul/10	15,213	(7)
						<b>4,427</b>
Futures	Purchased	BMFBovespa	Commercial dollar	Dec/10	(92,273)	(568)
Futures	Purchased	BMFBovespa	Commercial dollar	Jul/11	(175,347)	(1,091)
						<b>(1,659)</b>
Put Onshore	Purchased	BMFBovespa	Commercial dollar	Oct/10	875,000	9,716
Put Offshore	Purchased	OTC	Commercial dollar	Feb/11	42,782	763
Put Offshore	Purchased	OTC	Commercial dollar	Feb/11	16,720	623
						<b>11,102</b>
<b>Total export foreign exchange transactions</b>						<b>64,130</b>
Swap	Purchased	OTC/Cetip	Dollar/DI		322.023	4,260
Swap	Sold	OTC/Cetip	Dollar/DI		(322.023)	(4,260)
<b>Total foreign exchange transactions</b>						<b>64,130</b>



## COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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### 20. Financial instruments (Continued)

#### c) Foreign exchange risk (Continued)

At June 30, 2010 and March 31, 2010, the Company and its subsidiaries presented the following net balance sheet exposure to US dollar:

	Consolidated			
	06/30/10		03/31/10	
	R\$	US\$ (in thousand)	R\$	US\$ (in thousand)
Amounts pending foreign exchange closing	44,868	24,906	127,755	71,732
Overnight	50,900	28,254	50,470	28,338
Trade notes receivable – foreign	127,370	70,702	148,655	83,467
Senior Notes due in 2014	(653,653)	(362,838)	(631,246)	(354,433)
Senior Notes due in 2017	(741,477)	(411,589)	(720,573)	(404,589)
Perpetual bonds	(820,229)	(455,303)	(810,896)	(455,304)
Other foreign currency-denominated loans	(366,273)	(203,316)	(479,206)	(269,066)
Export pre payments	(899,110)	(499,090)	(980,533)	(550,552)
Restricted cash	51,274	28,462	44,972	25,251
Foreign exchange exposure, net	<u>(3,206,330)</u>	<u>1,779,812</u>	<u>(3,250,602)</u>	<u>(1,825,156)</u>

#### d) Hedge accounting effects

The Company determined its hedge accounting transactions for derivative financial instruments allocated to hedge the cash flows from VHP sugar export revenues, considering: (i) hedge classification; (ii) purpose and strategy to manage the Company's risk in connection with the adoption of the hedge transactions; (iii) identification of the financial instrument; (iv) purpose or covered transaction; (v) nature of the risk to be covered; (vi) description of the coverage relationship; (vii) description of the relationship between the hedge and the coverage purpose; and (viii) prospective and retrospective hedge effectiveness. The Company allocated the derivative financial instruments of Sugar#11 (NYBOT or OTC) to cover the price risks and Non-Deliverable Forward (NDF) to cover the foreign exchange risks, as referred to in items (b) and (c) of this note.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
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## 20. Financial instruments (Continued)

### d) Hedge accounting effects (Continued)

The Company recorded the gains and losses considered as effective for hedge accounting purposes in a specific account in shareholder's equity, until the time the hedged item affects the net income for the year; in this case, the gain or loss of each instrument must be recorded in the net income for the year under the same account of the hedged item (in this case, sales revenues). As of June 30, 2010, the effects recorded in shareholders' equity and estimated realizable net income are as follows:

Derivative	Market	Risk	Realizable year		Total
			2010/2011	2011/2012	
Futures	OTC / NYBOT	#11	6.623	5.919	12.542
NDF	OTC/Cetip	USD	5.819	11.855	17.674
(-) Deferred tax			(4.230)	(6.043)	(10.273)
Total			<u>8.212</u>	<u>11.731</u>	<u>19.943</u>

During the period, the statement of income was not affected due to the transactions which were not allocated for hedge accounting purposes. Moreover, the Company recorded gains in the amount of R\$385 related to the non-effective portions for hedge accounting purposes in the quarter ended June 30, 2010.

	<b>04/01/10 to 06/30/10</b>
<b>Equity value adjustments</b>	
<u>Cash flow hedge</u>	
Gains/(losses) for the period	
Futures contracts and commodities swap	11.560
Forward foreign exchange contracts (NDF)	17.675
Adjustments to reclassification of losses/(gains) included in the statement of income for the period (sales revenues)	<u>982</u>
Total effects in equity adjustments from cash flow hedge (before differed IR/CS)	30.216
Effects of differed IR/CS on the equity adjustments	<u>(10.274)</u>
	<b><u>19.943</u></b>

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
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## 20. Financial instruments (Continued)

### e) Interest rate risk

The Company monitors fluctuations of the several interest rates to which its assets and liabilities are pegged and, in the event of increased volatility of such rates, it may engage in transactions with derivatives so as to minimize such risks. The table below shows the consolidated positions of the derivative financial instruments to cover the foreign exchange rate risk, which instruments were not allocated for hedge accounting purposes:

Price risk : interest derivatives outstanding on June 30, 2010										
Derivatives	Purchased / Sold	Market	Contract	Term	Number of agreements	Strike	Average price	Fair value	Notional	Fair value
									(thousand)	(R\$ thousand)
Swap	Purchased	OTC/Cetip	Fix / Libor 3 Month		1	-	1.199% / Libor 3 Month		USD 300,000	518,790
										(1,495)
										<u>518,790</u>
										<u>(1,495)</u>

### f) Credit risk

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

Credit risk is managed through specific rules of client acceptance, credit rating and setting of limits for customer exposure, including the requirement of a letter of credit from major banks and obtaining actual warranties on given credit, when applicable. Management believes that the risk of credit is substantially covered by the allowance for doubtful accounts.

The Company carries out good derivative transactions in the futures and options markets at the stock exchanges of New York (NYBOT) and London (LIFFE), as well as in the over-the-counter market with selected counterparts. The Company carries out foreign exchange derivative transactions at BM&F Bovespa and over-the-counter agreements registered with CETIP with Goldman Sachs & Co, Banco Barclays S.A., BNP Paribas Commodity Futures Ltd., Newedge LLC, Macquarie Bank Ltd., ADM Investors Services International Limited (Hencorp), Prudential Bache Commodities LLC, Natixis Commodity Markets Ltd., Espirito Santo Investment do Brasil S.A., Deutsche Bank S.A. – Banco Alemão, Banco Bradesco S.A., Banco JP Morgan S.A., Banco Standard de Investimentos S.A., Banco Morgan Stanley Witter S.A. and Banco BTG Pactual S.A.

## COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
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### 20. Financial instruments (Continued)

#### f) Credit risk (Continued)

**Guarantee margins** – The derivative transactions carried out in stock exchanges (*NYBOT*, *LIFFE* and *BM&F Bovespa*) require an initial margin for guarantee purposes. The brokers with which the Company trades at such stock exchanges offer credit limits to these margins. As of June 30, 2010, the total credit limit considered for initial margin is R\$54,827 (R\$68,646 as of March 31, 2010). In order to trade at *BM&F Bovespa*, the Company counted with, as of June 30, 2010, R\$96,043 (R\$83,042 as of March 31, 2010) through the Settlement Guarantee provided by a first-class bank. The derivative transactions carried out by the Company in the over-the-counter market do not require guarantee margins.

#### g) Debt acceleration risk

As of June 30, 2010, the Company was a party to loan and financing agreements with covenants generally applicable to these operations, including requirements related to cash generation, debt to equity ratio and others. These covenants are being fully complied with by the Company and do not place any restrictions on its operations.

#### h) Market values

As of June 30, 2010, the fair values of cash, marketable securities and trade accounts receivable and payable approximate the respective amounts recorded in the consolidated quarterly information, due to their short-term nature.

The fair value of the Senior Notes maturing in 2014 and 2017, as described in Note 13, according to their market value, were 113.60% and 105.0%, respectively, of their face value at June 30, 2010.

The fair value of Perpetual Notes as described in Note 13, according to its market value, was 99.25% of its face value at June 30, 2010.

As for the other loan and financing arrangements, their respective fair values substantially approximate the amounts recorded in the quarterly information considering that such instruments are subject to variable interest rates.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
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## 20. Financial instruments (Continued)

### i) Sensitivity analysis

Pursuant to CVM Rule Nº 475 issued on December 17, 2008, following is the sensitivity analysis of the fair value of financial instruments, in accordance with the types of risks deemed to be significant by the Company:

#### *Assumptions for the Sensitivity Analysis*

For the analysis, the Company adopted three scenarios, being one probable and two that may have effects from impairment of the fair value of the Company's derivative financial instruments. The definition of the probable scenario included the market data at June 30, 2010, the same one which determine the fair value of the derivatives at that date and therefore there are no differences in relation to the fair value of the derivative financial instruments. The possible adverse and remote scenarios were established in view of adverse impacts of 25% and 50% on the curves in the prices of the U.S. dollar and sugar:

#### *Sensitivity Exhibit*

Following is the sensitivity exhibit on the change in the fair value of the Company's financial derivatives:

	Risk factor	Effects on net income		
		Probable scenario	Possible scenario (25%)	Remote scenario (50%)
<b>Price risk</b>				
<b>Goods derivatives</b>				
Futures contracts:				
Sale commitments	Sugar price spike	71,454	(215,516)	(431,032)
Purchase commitments	Sugar price decline	(23,854)	(44,440)	(89,013)
Options:				
Put	Sugar price spike	278	(272)	(278)
Call	Sugar price spike	(3,577)	(15,103)	(45,568)
Call - sold	Sugar price decline	6,986	(4,957)	(6,507)
Swap contracts	Sugar price decline	(6,986)	(10,767)	(25,414)
<b>Exchange rate risk</b>				
<b>Exchange rate derivatives</b>				
Futures contracts:				
Sale commitments	R\$/US\$ exchange rate appreciation	4,427	(208,440)	(348,810)
Purchase commitments	R\$/US\$ exchange rate depreciation	(1,659)	(66,635)	(135,327)
Forward contract:				
Sale commitments	R\$/US\$ exchange rate appreciation	50,259	(295,116)	(573,091)
Option:				
Call - purchased	R\$/US\$ exchange rate appreciation	11,102	(11,088)	(11,102)
<b>Interest rate risk</b>				
<b>Interest derivatives</b>				
Swap contracts	Libor curve decline	(1,495)	(1,522)	(3,050)

# **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
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## **21. Insurance**

At June 30, 2010, the Company and its subsidiaries maintain insurance coverage against fire, thunderbolts and explosions of any nature for the whole sugar and ethanol inventory and for specific buildings, equipment, facilities and machinery.

The Company does not foresee any difficulties to renew its insurance policies and believes that the coverage established is reasonable in terms of amounts and consistent with Brazilian industry standards.

The scope of our independent auditors work did not include an opinion on the sufficiency of the insurance coverage, which, as determined by the Company management, was considered sufficient to cover any claims.

## **22. Stock option plan**

At the Annual and Extraordinary General Meeting held on August 30, 2005, the Guidelines for the Outlining and Structuring of a Stock Option Plan for Company's officers and employees were approved, thus authorizing the issue of up to 5% of the Company's share capital. The stock option plan was designed to obtain and retain the services rendered by senior officers and employees, offering them the opportunity to become shareholders of the Company. On September 22, 2005, the Board of Directors approved the distribution of stock options corresponding to 4.302.780 common shares to be issued by the Company related to 3.25% of the share capital at the time, authorized by the Annual/Extraordinary General Meeting. On that same date, eligible officers were informed of the material terms and conditions of the share-based compensation agreement.

On September 11, 2007, the Board of Directors approved the distribution of stock options, corresponding to 450,000 common shares to be issued or purchased by the Company related to 0.24% of the share capital at the time, authorized by the Annual/Extraordinary General Meeting. On that same date, the eligible officer was informed of the material terms and conditions of the share-based compensation agreement. The remaining 1.51% may still be distributed.

On August 7, 2009, the Board of Directors approved an additional distribution of stock options, with no vesting period, corresponding to 165,657 common shares to be issued or purchased by the Company, following a change in the management members.

# **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
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## **22. Stock option plan (Continued)**

Based on the fair value at the issue date, exercise price is R\$6.11 (six reais and eleven cents) per share, without discount. The exercise price was calculated before the above evaluation based on an expected private equity agreement based on that eventually was not made. The options are exercisable over one year period, considering a maximum percentage of 25% p.a. of total stock options offered by the Company, within a period of 5 years.

The options exercised shall be settled only upon issue of new common or treasury shares that the Company may have at each relevant date.

Should any holder of stock options cease to be an employee or manager of the Company, by death, retirement or permanent disability of the beneficiary, any options not previously vesting shall become extinct on the date that employee or officer separates from the Company. However, in the case of termination without good cause, the terminated employees shall be entitled to exercise 100% of their options referring to that particular year, on top of exercising 50% of their options in the coming year.

At June 30, 2010 options equivalent to 653,976 common shares were not exercised.

Until June 30, 2010, all stock option exercises were settled through the issuance of new common shares. Should the remaining options also be exercised through the issuance of new common shares, the current shareholders' interest would be reduced by 0.16% after exercising all remaining options.

At June 30, 2010, R\$2,450 regarding the unrecognized remuneration cost of stock options will be recognized within nearly three months (R\$2,960 as of March 31, 2010, with a deadline of nearly 6 months).

## **23. Pension plan**

Previd Exxon - Sociedade de Previdência Privada, a closed-ended supplementary pension entity sponsored by Cosan CL, set up on December 23, 1980, engaged mainly in the supplementation of benefits within certain limits set in its formation deed, to which all employees of the sponsor and their beneficiaries are entitled as social security insured workers.

# **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
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## **23. Pension plan (Continued)**

Actuarial liability related to Previd Exxon was determined as set forth in NPC 26 issued by IBRACON and is recorded under non-current liabilities, as of June 30, 2010, in the amount of R\$59,774 (R\$61,788 as of March 31, 2010).

As of the quarter ended June 30, 2010, the contributions to Previd Exxon – Sociedade de Previdência Privada totaled R\$1,668.

## **24. Information per segment (consolidated)**

### a) Information per segment

The information per segment is based on the information used by Cosan's management to evaluate the performance of the operational segments and take the decisions related to the investment of the financial resources. The Company has three segments: (i) sugar and ethanol (products resulting from the "CAA" activities; (ii) distribution of fuel and lubricants (activities performed by "CCL"); and (iii) logistics (operations performed by the indirect subsidiary "RUMO"). Each segment is administered individually in order to facilitate the understanding of the clients from different segments. The operational assets related to these segments are located solely in Brazil.

The following is a description of the Company's operational segments.

The CAA segment's main activities are the production and sale of a number of sugarcane byproducts, including the VHP sugar, ethanol, fuel, anhydride and hydrated ethanol. This segment also includes the activities related to the co-generation of power as from the sugarcane bagasse.

The CCL segment includes the distribution and sale of fuel and lubricants, mainly through the Esso chain located throughout Brazil, as well as convenience stores.

The RUMO segment includes the rendering of logistics services in the sugar transportation, storage and port activities, both to the CAA segment and third parties.



# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
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## 24. Information per segment (consolidated) (Continued)

### a) Information per segment (Continued)

The information selected from statement of income and assets per segment, which information was measured in accordance with the same accounting practices adopted in the preparation of the consolidated quarterly information, is as follows:

	June 30, 2010				
	CAA	CCL	Rumo	Adjustments and exclusions	Consolidated
Balance sheet					
Property, plant and equipment	5,076,676	345,172	414,191	-	5,836,039
Intangible assets	1,441,150	1,406,421	73,668	-	2,921,239
Financial debt, net	(4,359,675)	(402,847)	(148,002)	-	(4,910,524)
Other assets and liabilities, net	3,009,415	533,577	(43,911)	(2,157,185)	1,341,896
Total assets (net of liabilities) allocated per segment (1)	<u>5,167,566</u>	<u>1,882,323</u>	<u>295,946</u>	<u>(2,157,185)</u>	<u>5,188,650</u>
	March 31, 2010				
	CAA	CCL	Rumo	Adjustments and exclusions	Consolidated
Balance sheet					
Property, plant and equipment	4,910,863	356,170	294,032	-	5,561,065
Intangible assets	1,452,393	1,379,769	69,146	-	2,901,308
Financial debt, net	(4,113,669)	(433,238)	(106,501)	-	(4,653,408)
Other assets and liabilities, net	2,872,831	544,460	14,405	(2,083,080)	1,348,616
Total assets (net of liabilities) allocated per segment (1)	<u>5,122,418</u>	<u>1,847,161</u>	<u>271,082</u>	<u>(2,083,080)</u>	<u>5,157,581</u>

(1) Comprising shareholders' equity and minority interest.

	June 30, 2010				
	CAA	CCL	Rumo	Adjustments and exclusions	Consolidated
Net income for the period (3 months)					
Net operational revenues	1,273,643	2,781,626	105,372	(161,019)	3,999,622
Gross profit	263,533	205,849	32,928	4,253	506,563
Sales, general and administrative expenses	(193,144)	(133,485)	(8,035)	(751)	(335,415)
Operational results (2)	70,389	72,364	24,893	3,502	171,148
Other operational revenues (expenses), net	(2,278)	(4,480)	7,544	(3,115)	(2,329)
Other selected information					
Additions to property, plant and equipment and intangible assets	461,622	14,850	123,932	-	600,404
Depreciation and amortization	169,169	16,249	3,773	-	189,191

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 24. Information per segment (consolidated) (Continued)

### a) Information per segment (Continued)

	June 30, 2009				Consolidated
	CAA	CCL	Rumo	Adjustments and exclusions	
Net income for the period (3 months)					
Net operational revenues	1,205,209	2,444,717	39,255	(123,078)	3,566,103
Gross profit	171,930	186,975	12,885	(4,105)	367,685
Sales, general and administrative expenses	(188,825)	(110,692)	(3,443)	4,105	(298,855)
Operational results (2)	(16,895)	76,283	9,442	-	68,830
Other operational revenues (expenses), net	65,978	702	5,804	-	72,484
Other selected information					
Additions to property, plant and equipment and intangible assets	408,382	11,529	707	-	420,618
Depreciation and amortization	157,235	8,941	3,741	-	169,917

(1) Comprising gross profit less sales, general and administrative expenses.

### b) Sales revenues per segment

	06/30/2010	06/30/2009
CAA		
Sugar	829,331	651,046
Ethanol	356,853	479,464
Co-generation	55,372	29,405
Other	32,087	45,294
	<u>1,273,643</u>	<u>1,205,209</u>
CCL		
Fuel	2,559,103	2,275,514
Lubricants	201,658	150,372
Other	20,865	18,831
	<u>2,781,626</u>	<u>2,444,717</u>
Rumo		
Addition	35,016	38,175
Freight	70,356	1,080
	<u>105,372</u>	<u>39,255</u>
Adjustments and exclusions	<u>(161,019)</u>	<u>(123,078)</u>
	<u><u>3,999,622</u></u>	<u><u>3,566,103</u></u>

### c) Sales revenues per region

During the quarters ended June 30, 2010 and 2009, sales revenues per region, in percentages, were as follows:

	06/30/2010	06/30/2009
Brazil	69.27%	54.35%
Europe	26.82%	35.34%
Middle East and Asia	2.12%	1.95%
North America	0.37%	6.17%
Latin America (others, except Brazil)	0.07%	2.19%
Others	1.35%	-
Total	<u>100.00%</u>	<u>100.00%</u>

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

## 24. Information per segment (consolidated) (Continued)

### d) Main clients

#### CAA

Sales from this segment are relatively diluted, with solely one client representing more than 10% of the total sales of this segment for the quarters ended June 30, 2010 and 2009: SUCDEN Group, with 26.6% and 33.0% of sales, respectively.

#### CCL

Sales from this segment are highly diluted, without specific clients or economic groups representing 10% or more of the sales in this segment.

#### RUMO

For the quarters ended June 30, 2010 and 2009, 42.7% and 34.9%, respectively, of the sales of this segment were directed to the CAA segment. Moreover, during the same periods, such segment had two clients with revenues greater than 10% of the total, being (i) SUCDEN Group, representing 17.0% (21.0% as of June 30, 2009) and (ii) ED & F MAN Brasil S.A., representing 22.6% (zero as of June 30, 2009).

## 25. Subsequent events

### Subscription Agreement due to capital increase in Rumo Logística S.A. ("Rumo")

On July 2, 2010, the indirect subsidiary Novo Rumo Logística S.A. ("Novo Rumo") entered into a Subscription Agreement in connection with the investments administered by TPG Capital e Gávea Investimentos ("Investors"). The investment will take place upon the capital increase in the amount of R\$400,000, to be paid into equal installments by the Investors.

Such agreement is subject to certain precedent conditions, which conditions must be complied up to September 30, 2010. Upon closing of transactions, the Investors must subscribe the shares and perform the capital contribution, as well as enter into a shareholders' agreement. The Company holds, directly and indirectly, 92.9% of Rumo and, upon acquisition, will hold 69.7% of Rumo.

## **COSAN S.A. INDÚSTRIA E COMÉRCIO**

Notes to the Quarterly Financial Statements (Continued)  
June 31, 2010 and 2009  
(In thousands of reais)

### **25. Subsequent events (Continued)**

#### Company's capital increase

On July 29, 2010, the Board of Directors' Meeting approved the capital increase, in the amount of R\$2,748, in the context of the "Company's Stock Option Plan", upon the issuance of 449,819 new nominative and book-entry common shares, with no par value, based on the exercise of such option by the eligible executive officers, at the issuance price of R\$6.11 per share. Due to the issuance of new shares, the Company's capital stock increased to R\$4,690,575, represented by 407,010,196 nominative and book-entry common shares, with no par value.

#### Approval of dividends above the minimum mandatory dividends

On July 30, 2010, the Ordinary General Meeting approved the distribution of dividends above the minimum mandatory dividends, in the amount of R\$83,431, totaling R\$200,000 of dividends to be paid on August 30, 2010.

#### BNDES financing

On August 4, 2010, BNDES approved a credit line on behalf of the indirect subsidiary Rumo, through its subsidiary Cosan Operadora Portuária S.A. ("Portuária"), in the amount of R\$614,000, for investments to be performed by Portuária in the railway complex under the concession of the companies controlled by ALL – America Latina Logística S.A. and in the construction of a logistic terminal in the region of Itirapina-SP. Such credit line will be subject to annual interest of 1.92% plus TJLP, to be paid in up to 12 years.