

## **Quarterly Financial Information**

### **Cosan S.A. Indústria e Comércio**

December 31, 2011

Quarterly information with independent auditors review report  
“a free translation of the Original Issued in Portuguese”

# **COSAN S.A. INDÚSTRIA E COMÉRCIO**

## **Quarterly information**

December 31, 2011

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## **A free translation from Portuguese into English of Independent Auditor's Review Report**

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### **INDEPENDENT AUDITOR'S REVIEW REPORT**

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

#### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Financial Information (ITR) of Cosan S.A. Indústria e Comércio, as of December 31, 2011, comprising the statement of financial position and the related statements of income, comprehensive income for the three-month and nine-month periods then ended, and changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 – Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC) and of the consolidated interim financial information in accordance with CPC 21 and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with specific rules issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

#### **Scope of review**

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

### **Conclusion on the individual interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of quarterly financial information (ITR), consistently with the rules issued by the Brazilian Securities Commission (CVM).

### **Conclusion on the consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of quarterly information (ITR), consistently with the rules issued by the Brazilian Securities Commission (CVM).

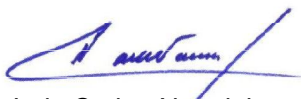
### **Other matters**

#### **Statements of value added**

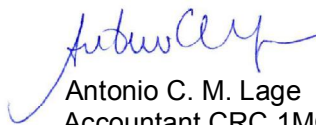
We have also reviewed the individual and consolidated statements of value added (SVA) for the nine-month period ended December 31, 2011, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities Commission (CVM), and as supplementary information by IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the overall accompanying individual and consolidated interim financial information.

São Paulo, February 08, 2012

ERNST & YOUNG TERCO  
Auditores Independentes S.S.

A handwritten signature in blue ink, appearing to read "Luiz Carlos Nannini".

Luiz Carlos Nannini  
Accountant CRC 1SP171638/O-7

A handwritten signature in blue ink, appearing to read "Antonio C. M. Lage".

Antonio C. M. Lage  
Accountant CRC 1MG077995/O-1-S-SP

## COSAN S.A INDÚSTRIA E COMÉRCIO

Statements of Financial Position

December 31, 2011 and March 31, 2011

(In Thousands of Reais)

|                               | Note | Parent Company    |                   | Consolidated      |                   |
|-------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                               |      | December 31, 2011 | March 31, 2011    | December 31, 2011 | March 31, 2011    |
| <b>Current</b>                |      |                   |                   |                   |                   |
| Cash and cash equivalents     | 4    | 306,072           | 372,318           | 1,194,889         | 1,254,070         |
| Restricted cash               | 5    | -                 | 2,719             | 88,051            | 187,944           |
| Accounts receivable           | 7    | 4,015             | 44,782            | 1,022,292         | 594,857           |
| Derivatives                   | 24   | -                 | -                 | 59,586            | 55,682            |
| Inventories                   | 8    | -                 | 92,571            | 1,354,432         | 670,331           |
| Advances to suppliers         |      | -                 | 42,436            | 110,248           | 229,325           |
| Related parties               | 10   | 28,305            | 73,939            | 655,837           | 14,669            |
| Recoverable taxes             | 9    | 14,360            | 105,134           | 325,010           | 374,991           |
| Dividends                     |      | 60,448            | -                 | 861               | -                 |
| Other current assets          |      | 24,937            | 31,565            | 115,064           | 80,385            |
|                               |      | <u>438,137</u>    | <u>765,464</u>    | <u>4,926,270</u>  | <u>3,462,254</u>  |
| <b>Non-current</b>            |      |                   |                   |                   |                   |
| Deferred income taxes         | 18   | 302,652           | 215,490           | 1,108,211         | 715,333           |
| Advances to suppliers         |      | -                 | 7,045             | 49,747            | 46,037            |
| Related parties               | 10   | 682,482           | 71,233            | 1,195,796         | 91,954            |
| Recoverable taxes             | 9    | -                 | 4,622             | 122,173           | 55,066            |
| Judicial deposits             |      | 203,411           | 17,574            | 495,628           | 218,371           |
| Other financial assets        | 6    | 414,444           | 201,773           | 415,508           | 420,417           |
| Other non-current assets      |      | 360,431           | 1,401             | 966,216           | 443,752           |
| Equity method investments     | 12   | 11,544,946        | 8,290,188         | 368,638           | 304,142           |
| Biological assets             | 13   | -                 | 532,140           | 767,853           | 1,561,132         |
| Property, plant and equipment | 14   | 20,644            | 1,177,298         | 7,835,194         | 7,980,524         |
| Intangible assets             | 15   | 97,478            | 366,471           | 4,593,778         | 3,445,674         |
|                               |      | <u>13,626,488</u> | <u>10,885,235</u> | <u>17,918,742</u> | <u>15,282,402</u> |
| <b>Total Assets</b>           |      | <u>14,064,625</u> | <u>11,650,699</u> | <u>22,845,012</u> | <u>18,744,656</u> |

## COSAN S.A INDÚSTRIA E COMÉRCIO

Statements of Financial Position

December 31, 2011 and March 31, 2011

(In Thousands of Reais)

|  | Note | Parent Company    |                   | Consolidated      |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|
|  |      | December 31, 2011 | March 31, 2011    | December 31, 2011 | March 31, 2011    |
| <b>Liabilities</b>                               |      |                   |                   |                   |                   |
| <b>Current</b>                                   |      |                   |                   |                   |                   |
| Current portion of long-term debt                | 16   | -                 | 110,526           | 725,650           | 916,400           |
| Derivatives                                      |      | -                 | -                 | 15,654            | 132,289           |
| Trade accounts payable                           |      | 6,302             | 99,630            | 765,440           | 558,766           |
| Salaries payable                                 |      | 6,685             | 54,199            | 158,206           | 183,560           |
| Taxes payable                                    | 17   | 67,587            | 33,758            | 282,433           | 245,284           |
| Dividends payable                                |      | 14,376            | 190,285           | 15,912            | 190,285           |
| Related parties                                  | 10   | 148,116           | 29,001            | 228,544           | 41,163            |
| Other current liabilities                        |      | 19,170            | 44,183            | 215,045           | 189,629           |
|  |      | <u>262,236</u>    | <u>561,582</u>    | <u>2,406,884</u>  | <u>2,457,376</u>  |
| <b>Non-current</b>                               |      |                   |                   |                   |                   |
| Long-term debt                                   | 16   | 328,495           | 1,551,236         | 4,402,311         | 6,274,895         |
| Taxes payable                                    | 17   | 650,474           | 88,717            | 1,184,763         | 639,071           |
| Legal proceedings                                | 19   | 319,856           | 78,142            | 1,026,652         | 666,282           |
| Related parties                                  | 10   | 2,107,313         | 2,401,518         | 468,490           | 4,444             |
| Pension  |      | -                 | -                 | 28,928            | 24,380            |
| Deferred income taxes                            | 18   | 1,372,323         | 462,841           | 3,116,483         | 1,510,965         |
| Other non-current liabilities                    |      | 49,997            | 47,802            | 777,138           | 382,897           |
|  |      | <u>4,828,458</u>  | <u>4,630,256</u>  | <u>11,004,765</u> | <u>9,502,934</u>  |
| <b>Equity</b>                                    |      |                   |                   |                   |                   |
| Common Stock                                     | 20   | 4,691,822         | 4,691,822         | 4,691,822         | 4,691,822         |
| Treasury shares                                  |      | (67,663)          | (19,405)          | (67,663)          | (19,405)          |
| Reserves   |      | 1,893,492         | 1,786,444         | 1,893,492         | 1,786,444         |
| Retained earnings                                |      | 2,456,280         | -                 | 2,456,280         | -                 |
| Equity attributable to owners of the Company     |      | 8,973,931         | 6,458,861         | 8,973,931         | 6,458,861         |
| Equity attributable to non-controlling interests |      | -                 | -                 | 459,432           | 325,485           |
| Total Equity                                     |      | <u>8,973,931</u>  | <u>6,458,861</u>  | <u>9,433,363</u>  | <u>6,784,346</u>  |
| <b>Total Liabilities and Equity</b>              |      | <u>14,064,625</u> | <u>11,650,699</u> | <u>22,845,012</u> | <u>18,744,656</u> |

See accompanying notes to quarterly financial information.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

## Income Statements

Period ended December 31, 2011 and 2010

(In thousands of Reais, except otherwise stated)

|   | Note | Parent Company          |                         |                         |                         | Consolidated            |                         |                         |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |      | 10.01.11 to<br>12.31.11 | 04.01.11 to<br>12.31.11 | 10.01.10 to<br>12.31.10 | 04.01.11 to<br>12.31.10 | 10.01.11 to<br>12.31.11 | 04.01.11 to<br>12.31.11 | 10.01.10 to<br>12.31.10 | 04.01.11 to<br>12.31.10 |
| Net sales   | 22   | 1,230                   | 1,294                   | 506,880                 | 1,659,034               | 6,310,682               | 18,302,945              | 4,738,433               | 13,454,142              |
| Cost of goods sold  |      | (1,071)                 | (1,968)                 | (463,887)               | (1,316,824)             | (5,670,853)             | (16,313,215)            | (4,159,952)             | (11,677,842)            |
| Gross profit  |      | 159                     | (674)                   | 42,993                  | 342,210                 | 639,829                 | 1,989,730               | 578,481                 | 1,776,300               |
| Operational income/(expenses)   |      |                         |                         |                         |                         |                         |                         |                         |                         |
| Selling   |      | -                       | -                       | (38,924)                | (116,193)               | (281,965)               | (854,683)               | (256,453)               | (719,161)               |
| General and administrative  |      | (35,140)                | (69,684)                | (66,855)                | (188,594)               | (147,481)               | (439,406)               | (147,847)               | (425,274)               |
| Other, net  |      | (10,651)                | (44,863)                | (1,590)                 | (40,750)                | 29,601                  | 54,860                  | (3,647)                 | (45,107)                |
| Gain of formation of joint venture  |      | -                       | 36,865                  | -                       | -                       | -                       | 3,296,959               | -                       | -                       |
|   |      | (45,791)                | (77,682)                | (107,369)               | (345,537)               | (399,845)               | 2,057,730               | (407,947)               | (1,189,542)             |
| Income before financial results, equity income of associates and income taxes |      | (45,632)                | (78,356)                | (64,376)                | (3,327)                 | 239,984                 | 4,047,460               | 170,534                 | 586,758                 |
| Equity income of associates   | 12   | 213,292                 | 2,951,026               | 67,223                  | 192,352                 | 11                      | 639                     | 7,838                   | 15,955                  |
| Financial results, net  | 23   | (98,963)                | (614,113)               | 21,832                  | 156,920                 | (69,456)                | (451,841)               | (89,375)                | (133,471)               |
|   |      | 114,329                 | 2,336,913               | 89,055                  | 349,272                 | (69,445)                | (451,202)               | (81,537)                | (117,516)               |
| Income before income taxes  |      | 68,697                  | 2,258,557               | 24,679                  | 345,945                 | 170,539                 | 3,596,258               | 88,997                  | 469,242                 |
| Current   |      | 20,242                  | 348,481                 | -                       | -                       | 5,918                   | (110,472)               | (25,862)                | (59,397)                |
| Deferred  |      | 4,818                   | (150,758)               | 14,016                  | (55,298)                | (69,726)                | (989,780)               | (16,408)                | (120,122)               |
|   |      | 25,060                  | 197,723                 | 14,016                  | (55,298)                | (63,808)                | (1,100,252)             | (42,270)                | (179,519)               |
| Net income for the year   |      | 93,757                  | 2,456,280               | 38,695                  | 290,647                 | 106,731                 | 2,496,006               | 46,727                  | 289,723                 |
| Net income attributable to non-controlling interests                          |      | -                       | -                       | -                       | -                       | (12,974)                | (39,726)                | (8,032)                 | 924                     |
| Net income attributable to Cosan  |      | 93,757                  | 2,456,280               | 38,695                  | 290,647                 | 93,757                  | 2,456,280               | 38,695                  | 290,647                 |

See accompanying notes to quarterly financial information.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

## Statements of Changes in Equity

Period ended December 31, 2011 and 2010

(In thousands of Reais, except otherwise stated)

|   | Capital reserves |                 |                            | Profit reserves            |               |                   | Total            | Non-controlling interests | Total equity   |  |
|---|------------------|-----------------|----------------------------|----------------------------|---------------|-------------------|------------------|---------------------------|----------------|--|
|   | Capital stock    | Treasury shares | Additional paid-in capital | Other components of equity | Legal         | Retained earnings |                  |                           |                | Retained earnings (accumulated losses) |
| <b>Balances at March 31, 2011</b>   | <b>4,691,822</b> | <b>(19,405)</b> | <b>660,743</b>             | <b>(123,275)</b>           | <b>63,119</b> | <b>1,185,857</b>  | <b>-</b>         | <b>6,458,861</b>          | <b>325,485</b> | <b>6,784,346</b>                       |
| Hedge accounting  | -                | -               | -                          | 49,834                     | -             | -                 | -                | 49,834                    | -              | 49,834                                 |
| Equity Adjustment - unconsolidation of subsidiaries contributed to joint ventures | -                | -               | -                          | 65,246                     | -             | -                 | -                | 65,246                    | -              | 65,246                                 |
| Current Translation Adjustment – CTA  | -                | -               | -                          | 8,071                      | -             | -                 | -                | 8,071                     | -              | 8,071                                  |
| Stock option conspensation plan   | -                | -               | 4,800                      | -                          | -             | -                 | -                | 4,800                     | -              | 4,800                                  |
| Change in the non-controlling interest due to the formation of JV                 | -                | -               | -                          | -                          | -             | -                 | -                | -                         | 9,036          | 9,036                                  |
| Acquisition of treasury shares  | -                | (48,258)        | -                          | -                          | -             | -                 | -                | (48,258)                  | -              | (48,258)                               |
| Net income for the period   | -                | -               | -                          | -                          | -             | -                 | 2,456,280        | 2,456,280                 | 39,726         | 2,496,006                              |
| Rumo corporate reorganization   | -                | -               | (3,199)                    | -                          | -             | -                 | -                | (3,199)                   | 78,990         | 75,791                                 |
| Capitalization of dividends in subsidiaries                                       | -                | -               | (956)                      | -                          | -             | -                 | -                | (956)                     | 6,195          | 5,239                                  |
| Dividends   | -                | -               | -                          | -                          | -             | (16,748)          | -                | (16,748)                  | -              | (16,748)                               |
| <b>Balances at December 31, 2011</b>  | <b>4,691,822</b> | <b>(67,663)</b> | <b>661,388</b>             | <b>(124)</b>               | <b>63,119</b> | <b>1,169,109</b>  | <b>2,456,280</b> | <b>8,973,931</b>          | <b>459,432</b> | <b>9,433,363</b>                       |

|   | Capital reserves |                 |                            | Profit reserves            |               |                   | Total          | Non-controlling interests | Total equity   |  |
|---|------------------|-----------------|----------------------------|----------------------------|---------------|-------------------|----------------|---------------------------|----------------|--|
|   | Capital stock    | Treasury shares | Additional paid-in capital | Other components of equity | Legal         | Retained earnings |                |                           |                | Retained earnings (accumulated losses) |
| <b>Balances at March 31, 2010</b>                         | <b>4,687,826</b> | <b>(4,186)</b>  | <b>452,217</b>             | <b>39,112</b>              | <b>24,541</b> | <b>349,707</b>    | <b>369,841</b> | <b>5,919,058</b>          | <b>63,119</b>  | <b>5,982,177</b>                       |
| Hedge accounting  | -                | -               | -                          | (248,270)                  | -             | -                 | -              | (248,270)                 | -              | (248,270)                              |
| Current Translation Adjustment – CTA                      | -                | -               | -                          | 94                         | -             | -                 | -              | 94                        | -              | 94                                     |
| Increase/decrease of Capital Stock                        | 1                | -               | -                          | -                          | -             | -                 | -              | 1                         | -              | 1                                      |
| Exercise of stock options                                 | 3,308            | -               | -                          | -                          | -             | -                 | -              | 3,308                     | -              | 3,308                                  |
| Issuance of subsidiary shares to non-controlling interest | -                | -               | 206,404                    | -                          | -             | -                 | -              | 206,404                   | 193,596        | 400,000                                |
| Treasury shares   | -                | (15,219)        | -                          | -                          | -             | -                 | -              | (15,219)                  | -              | (15,219)                               |
| Rumo corporate reorganization                             | -                | -               | (839)                      | -                          | -             | -                 | -              | (839)                     | (504)          | (1,343)                                |
| Stock options   | -                | -               | 1,543                      | -                          | -             | -                 | -              | 1,543                     | -              | 1,543                                  |
| Net income for the period                                 | -                | -               | -                          | -                          | -             | -                 | 290,647        | 290,647                   | (924)          | 289,723                                |
| Dividends   | -                | -               | -                          | -                          | -             | -                 | (83,431)       | (83,431)                  | -              | (83,431)                               |
| Pension Plan  | -                | -               | -                          | (10,919)                   | -             | -                 | -              | (10,919)                  | -              | (10,919)                               |
| <b>Balances at December 31, 2010</b>                      | <b>4,691,135</b> | <b>(19,405)</b> | <b>659,325</b>             | <b>(219,983)</b>           | <b>24,541</b> | <b>349,707</b>    | <b>577,057</b> | <b>6,062,377</b>          | <b>255,287</b> | <b>6,317,664</b>                       |



## COSAN S.A. INDÚSTRIA E COMÉRCIO

Statements of Comprehensive Income  
 Period ended December 31, 2011 and 2010  
 (In thousands of Reais, except otherwise stated)

|   | <b>Consolidated</b>            |                                |                                |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | <b>10.01.11 a<br/>12.31.11</b> | <b>04.01.11 a<br/>12.31.11</b> | <b>10.01.10 a<br/>12.31.10</b> | <b>04.01.10 a<br/>12.31.10</b> |
| <b>Net income of the period</b>                                 | 106,731                        | 2,496,006                      | 46,727                         | 289,723                        |
| Other Comprehensive Income (Loss):                              |                                |                                |                                |                                |
| Exchange differences on translation of foreign operations – CTA | 8,071                          | 8,071                          | -                              | 94                             |
| Net movement on cash flow hedges                                | 59,712                         | 75,506                         | (176,989)                      | (376,167)                      |
| Actuarial gains and losses on defined benefit plans             | -                              | -                              | (12,904)                       | (16,544)                       |
| Income tax effects  | (20,302)                       | (25,672)                       | 64,564                         | 133,521                        |
| Other Comprehensive Income (Loss) for the period, net of tax    | <u>47,481</u>                  | <u>57,905</u>                  | <u>(125,329)</u>               | <u>(259,096)</u>               |
| Total Comprehensive Income for the period, net of tax           | <u>154,212</u>                 | <u>2,553,911</u>               | <u>(78,602)</u>                | <u>30,627</u>                  |
| <b>Total Comprehensive Income attributable to:</b>              |                                |                                |                                |                                |
| Owners of the Company   | 141,238                        | 2,514,185                      | (86,634)                       | 31,551                         |
| Non-controlling interests                                       | 12,974                         | 39,726                         | 8,032                          | (924)                          |

See accompanying notes to quarterly financial information.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

## Statements of Cash Flows

Period ended December 31, 2011 and 2010

(In thousands of Reais, except otherwise stated)

|   | Parent Company              |                             |                             |                             | Consolidated                |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 10/01/2011 to<br>12/31/2011 | 04/01/2011 to<br>12/31/2011 | 10/01/2010 to<br>12/31/2010 | 04/01/2011 to<br>12/31/2011 | 10/01/2011 to<br>12/31/2011 | 04/01/2011 to<br>12/31/2011 | 10/01/2010 to<br>12/31/2010 | 04/01/2011 to<br>12/31/2011 |
| <b>Operating activities</b>   |                             |                             |                             |                             |                             |                             |                             |                             |
| Net income of the period  | 93,757                      | 2,456,280                   | 38,695                      | 290,646                     | 93,757                      | 2,456,280                   | 38,695                      | 290,647                     |
| Non-cash adjustments to reconcile profit before tax to net cash flows | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Depreciation and amortization   | 567                         | 3,921                       | 48,732                      | 157,808                     | 254,600                     | 923,953                     | 360,858                     | 1,056,462                   |
| Biological assets   | -                           | -                           | 12,808                      | 27,527                      | 19,989                      | 37,845                      | (21,248)                    | 49,580                      |
| Equity investments  | (213,292)                   | (2,951,026)                 | (67,223)                    | (192,352)                   | (11)                        | (639)                       | (7,838)                     | (15,955)                    |
| Stock option  | 4,800                       | 4,800                       | 684                         | 1,542                       | 4,800                       | 4,800                       | -                           | -                           |
| Loss (gain) from disposal of property, plant and equipment            | -                           | 48                          | 32                          | 1,731                       | (27,631)                    | (22,089)                    | 2,092                       | (6,626)                     |
| Deferred income taxes   | 4,818                       | (150,758)                   | (14,016)                    | 55,298                      | 69,726                      | 989,780                     | 16,408                      | 120,122                     |
| Legal proceedings   | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Non-controlling interests   | -                           | -                           | -                           | -                           | 12,974                      | 39,726                      | 8,032                       | (924)                       |
| Interest, monetary variations and foreign exchange variation, net     | 12,917                      | 106,380                     | 16,550                      | (5,335)                     | 126,561                     | 655,176                     | 53,178                      | 157,924                     |
| Joint Ventures formation effects                                      | -                           | (36,865)                    | -                           | -                           | -                           | (3,296,959)                 | -                           | -                           |
| Others  | -                           | (14,658)                    | (779)                       | (1,992)                     | -                           | (2)                         | (1,633)                     | 714                         |
|   | <b>(96,433)</b>             | <b>(581,878)</b>            | <b>35,483</b>               | <b>334,873</b>              | <b>554,765</b>              | <b>1,787,871</b>            | <b>448,544</b>              | <b>1,651,944</b>            |
| <b>Changes in assets and liabilities</b>                              |                             |                             |                             |                             |                             |                             |                             |                             |
| Accounts receivable   | (72)                        | (4,058)                     | 2,630                       | 165,725                     | (38,568)                    | (267,376)                   | 135,504                     | 135,383                     |
| Restricted cash   | -                           | (3,207)                     | -                           | -                           | (35,511)                    | 85,668                      | -                           | -                           |
| Inventories   | 628                         | 628                         | 15,529                      | (141,984)                   | (34,698)                    | (673,142)                   | (19,416)                    | (764,284)                   |
| Related parties   | (2,179)                     | 572,487                     | -                           | -                           | (87,776)                    | (1,692,582)                 | -                           | -                           |
| Advances to suppliers   | -                           | (18,245)                    | (2,417)                     | (27,094)                    | 21,525                      | (82,397)                    | 4,948                       | (54,780)                    |
| Suppliers   | 4,432                       | 18,946                      | (29,363)                    | 52,244                      | 7,987                       | 374,190                     | (77,725)                    | 184,963                     |
| Salaries payable  | 609                         | 4,044                       | (16,956)                    | 6,210                       | (33,340)                    | 82,722                      | (49,860)                    | 34,045                      |
| Legal proceedings   | 12,349                      | 270,675                     | (1,792)                     | 17,699                      | 50,861                      | 118,935                     | (2,587)                     | 20,089                      |
| Derivatives   | -                           | (274,364)                   | (135,414)                   | (293,718)                   | (4,381)                     | (146,234)                   | (108,386)                   | (252,251)                   |
| Taxes and Contributions Payable                                       | (25,285)                    | 79,881                      | (14,480)                    | (13,794)                    | (59,000)                    | 865,271                     | (23,200)                    | (17,991)                    |
| Other assets and liabilities, net                                     | (6,980)                     | 150,315                     | (25,199)                    | (92,083)                    | (54,999)                    | 299,572                     | (81,542)                    | (145,401)                   |
|   | <b>(16,498)</b>             | <b>797,102</b>              | <b>(207,462)</b>            | <b>(326,795)</b>            | <b>(267,900)</b>            | <b>(1,035,373)</b>          | <b>(222,264)</b>            | <b>(860,227)</b>            |
| <b>Net cash flows from operating activities</b>                       | <b>(112,931)</b>            | <b>215,224</b>              | <b>(171,979)</b>            | <b>8,078</b>                | <b>286,865</b>              | <b>752,498</b>              | <b>226,280</b>              | <b>791,717</b>              |

# COSAN S.A. INDÚSTRIA E COMÉRCIO

## Statements of Cash Flows

Period ended December 31, 2011 and 2010

(In thousands of Reais, except otherwise stated)

|   | Parent Company              |                             |                             |                             | Consolidated                |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 10/01/2011 to<br>12/31/2011 | 04/01/2011 to<br>12/31/2011 | 10/01/2010 to<br>12/31/2010 | 04/01/2011 to<br>12/31/2011 | 10/01/2011 to<br>12/31/2011 | 04/01/2011 to<br>12/31/2011 | 10/01/2010 to<br>12/31/2010 | 04/01/2011 to<br>12/31/2011 |
| <b>Cash flows from investing activities</b>                                     |                             |                             |                             |                             |                             |                             |                             |                             |
| Addition of investment in affiliates  | (40,313)                    | (40,313)                    | -                           | -                           | -                           | -                           | -                           | -                           |
| Acquisitions of sugar retail business   | -                           | (85,861)                    | -                           | -                           | -                           | (72,780)                    | -                           | -                           |
| Cash contributed on establishment of the Joint Ventures                         | -                           | -                           | -                           | -                           | -                           | (173,116)                   | -                           | -                           |
| Cash contributed on Cosan Distribuidora aquisition                              | 21,198                      | 21,198                      | -                           | -                           | -                           | -                           | -                           | -                           |
| Dividends received  | 47,109                      | 47,109                      | -                           | 100,100                     | -                           | -                           | -                           | -                           |
| Capital increase in associates  | (652)                       | 26,492                      | -                           | 2,439                       | (853)                       | (27,123)                    | -                           | (16,467)                    |
| Purchase of property, plant and equipment, software and other intangible assets | (986)                       | (5,921)                     | (112,034)                   | (324,853)                   | (346,330)                   | (1,081,157)                 | (532,971)                   | (1,359,476)                 |
| Sugarcane planting and growing costs  | -                           | (3,260)                     | -                           | (52,593)                    | (106,958)                   | (442,012)                   | (174,764)                   | (567,384)                   |
| Proceeds from the sale of other investments and property, plant and equipment   | -                           | -                           | 480                         | 854                         | 53,832                      | 96,114                      | 2,199                       | 20,105                      |
| <b>Net cash flows used in investing activities</b>                              | <b>26,356</b>               | <b>(40,556)</b>             | <b>(111,554)</b>            | <b>(274,053)</b>            | <b>(400,309)</b>            | <b>(1,700,074)</b>          | <b>(705,536)</b>            | <b>(1,923,222)</b>          |
| <b>Financing activities</b>   |                             |                             |                             |                             |                             |                             |                             |                             |
| Proceeds from long-term debt  | -                           | -                           | 532,365                     | 949,455                     | 156,199                     | 1,921,085                   | 1,101,215                   | 2,239,488                   |
| Payment of long-term debt   | -                           | -                           | (303,576)                   | (672,700)                   | (318,172)                   | (931,696)                   | (458,225)                   | (1,244,593)                 |
| Capital increase  | -                           | -                           | -                           | 3,309                       | -                           | -                           | -                           | 403,309                     |
| Capital increase in subsidiaries by non-controlling interests in joint venture  | -                           | -                           | -                           | -                           | -                           | 139,925                     | -                           | -                           |
| Dividends paid  | -                           | (192,656)                   | -                           | (192,964)                   | -                           | (192,661)                   | -                           | (192,964)                   |
| Acquisition of treasury shares  | (1,379)                     | (48,258)                    | (15,219)                    | (15,219)                    | (1,379)                     | (48,258)                    | (15,219)                    | (15,219)                    |
| Relatades parties   | -                           | -                           | 93,578                      | (22,418)                    | -                           | -                           | -                           | -                           |
| <b>Net cash flows from financing activities</b>                                 | <b>(1,379)</b>              | <b>(240,914)</b>            | <b>307,148</b>              | <b>49,463</b>               | <b>(163,352)</b>            | <b>888,395</b>              | <b>627,771</b>              | <b>1,190,021</b>            |
| <b>Net increase in cash and cash equivalents</b>                                | <b>(87,954)</b>             | <b>(66,246)</b>             | <b>23,615</b>               | <b>(216,512)</b>            | <b>(276,796)</b>            | <b>(59,181)</b>             | <b>148,515</b>              | <b>58,516</b>               |
| Cash and cash equivalents at the beginning of the year                          | 394,026                     | 372,318                     | 45,798                      | 285,925                     | 1,471,685                   | 1,254,070                   | 988,367                     | 1,078,366                   |
| Cash and cash equivalents at the end of the year                                | 306,072                     | 306,072                     | 69,413                      | 69,413                      | 1,194,889                   | 1,194,889                   | 1,136,882                   | 1,136,882                   |
| <b>Supplemental disclosure of cash flow information::</b>                       |                             |                             |                             |                             |                             |                             |                             |                             |
| Financial interest expenses paid  | -                           | 77,883                      | 46,514                      | 116,506                     | 64,981                      | 203,121                     | 100,801                     | 312,257                     |
| Income taxes paid   | -                           | 35,354                      | -                           | -                           | 52,618                      | 129,854                     | 20,687                      | 39,056                      |

See accompanying notes to quartely financial information.

# COSAN S.A. INDÚSTRIA E COMÉRCIO

Statement of value added  
 Period ended December 31, 2011 and 2010  
 (In thousands of Reais)

|   | Parent Company          |                         | Consolidated            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 10.01.11 to<br>12.31.11 | 10.01.10 to<br>12.31.10 | 10.01.11 to<br>12.31.11 | 10.01.10 to<br>12.31.10 |
| <b>Revenues</b>   |                         |                         |                         |                         |
| Sales of services and products, net                     | 1,276                   | 545,249                 | 7,072,056               | 5,192,925               |
| Others operational revenues, net                        | 2,194                   | (1,590)                 | 41,736                  | (3,647)                 |
| Gain of formation of joint venture                      | -                       | -                       | -                       | -                       |
| Reversal (additions) of allowance for doubtful accounts | -                       | 81                      | 9,786                   | 7,488                   |
|   | <b>3,470</b>            | <b>543,740</b>          | <b>7,123,578</b>        | <b>5,196,766</b>        |
| <b>Raw materials acquired from third parties</b>        |                         |                         |                         |                         |
| Cost of goods sold and services rendered                | (1,071)                 | (335,071)               | (5,622,352)             | (3,723,376)             |
| Materials, energy, third parties services, others       | (32,232)                | (107,369)               | (380,694)               | (290,297)               |
|   | <b>(33,303)</b>         | <b>(442,440)</b>        | <b>(6,003,046)</b>      | <b>(4,013,673)</b>      |
| <b>Gross value added</b>                                | <b>(29,833)</b>         | <b>101,300</b>          | <b>1,120,532</b>        | <b>1,183,093</b>        |
| <b>Retention</b>  |                         |                         |                         |                         |
| Depreciation and amortization                           | (567)                   | (48,732)                | (254,600)               | (360,858)               |
|   | <b>(567)</b>            | <b>(48,732)</b>         | <b>(254,600)</b>        | <b>(360,858)</b>        |
| <b>Net value added</b>                                  | <b>(30,400)</b>         | <b>52,568</b>           | <b>865,932</b>          | <b>822,235</b>          |
| <b>Value added received in transfer</b>                 |                         |                         |                         |                         |
| Income from equity investments                          | 213,292                 | 67,223                  | 11                      | 7,838                   |
| Financial revenue                                       | 10,366                  | 96,378                  | 55,433                  | 87,949                  |
|   | <b>223,658</b>          | <b>163,601</b>          | <b>55,444</b>           | <b>95,787</b>           |
| <b>Value added to be distributed</b>                    | <b>193,258</b>          | <b>216,169</b>          | <b>921,376</b>          | <b>918,022</b>          |
| <b>Distribution of value added</b>                      |                         |                         |                         |                         |
| Salaries  | 12,439                  | 51,799                  | 184,722                 | 157,450                 |
| Taxes and contributions                                 | (22,832)                | 24,353                  | 470,263                 | 496,762                 |
| Financial expenses                                      | 109,329                 | 74,546                  | 128,644                 | 177,324                 |
| Rentals and leasing                                     | 565                     | 26,776                  | 31,016                  | 55,823                  |
| Non-controlling interests                               | -                       | -                       | 12,974                  | (8,032)                 |
| Proposed dividends                                      | -                       | 200,000                 | -                       | 200,000                 |
| Retained earnings                                       | 93,757                  | (161,305)               | 93,757                  | (161,305)               |
|   | <b>193,258</b>          | <b>216,169</b>          | <b>921,376</b>          | <b>918,022</b>          |

## COSAN S.A. INDÚSTRIA E COMÉRCIO

Demonstrações dos valores adicionados  
Períodos findos em 31 de dezembro de 2011 e 2010  
(Em milhares de Reais)

|   | Controladora            |                         | Consolidado             |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 04.01.11 to<br>12.31.11 | 04.01.10 to<br>12.31.10 | 04.01.11 to<br>12.31.11 | 04.01.10 to<br>12.31.10 |
| <b>Receitas</b>   |                         |                         |                         |                         |
| Sales of services and products, net                     | 1,340                   | 1,765,190               | 19,718,413              | 14,762,052              |
| Others operational revenues, net                        | 3,599                   | (6,207)                 | 66,995                  | (21,475)                |
| Gain of formation of joint venture                      | 36,865                  | -                       | 3,296,959               | -                       |
| Reversal (additions) of allowance for doubtful accounts | -                       | (195)                   | 4,175                   | 8,989                   |
|   | <b>41,804</b>           | <b>1,758,788</b>        | <b>23,086,542</b>       | <b>14,749,566</b>       |
| <b>Raw materials acquired from third parties</b>        |                         |                         |                         |                         |
| Cost of goods sold and services rendered                | (1,968)                 | (935,357)               | (15,496,011)            | (10,364,735)            |
| Materials, energy, third parties services, others       | (36,098)                | (345,535)               | (707,179)               | (800,466)               |
|   | <b>(38,066)</b>         | <b>(1,280,892)</b>      | <b>(16,203,190)</b>     | <b>(11,165,201)</b>     |
|   |                         |                         |                         |                         |
| <b>Gross value added</b>                                | <b>3,738</b>            | <b>477,896</b>          | <b>6,883,352</b>        | <b>3,584,365</b>        |
| <b>Retention</b>  |                         |                         |                         |                         |
| Depreciation and amortization                           | (3,921)                 | (157,808)               | (923,953)               | (1,056,462)             |
|   | <b>(3,921)</b>          | <b>(157,808)</b>        | <b>(923,953)</b>        | <b>(1,056,462)</b>      |
|   |                         |                         |                         |                         |
| <b>Net value added</b>                                  | <b>(183)</b>            | <b>320,088</b>          | <b>5,959,399</b>        | <b>2,527,903</b>        |
| <b>Value added received in transfer</b>                 |                         |                         |                         |                         |
| Income from equity investments                          | 2,951,026               | 192,352                 | 639                     | 15,954                  |
| Financial revenue                                       | 172,404                 | 394,052                 | 208,577                 | 399,408                 |
|   | <b>3,123,430</b>        | <b>586,404</b>          | <b>209,216</b>          | <b>415,362</b>          |
|   |                         |                         |                         |                         |
| <b>Value added to be distributed</b>                    | <b>3,123,247</b>        | <b>906,492</b>          | <b>6,168,615</b>        | <b>2,943,265</b>        |
| <b>Distribution of value added</b>                      |                         |                         |                         |                         |
| Salaries  | 24,209                  | 134,747                 | 648,842                 | 441,613                 |
| Taxes and contributions                                 | (195,495)               | 161,454                 | 2,404,415               | 1,487,429               |
| Financial expenses                                      | 836,371                 | 237,133                 | 486,616                 | 532,878                 |
| Rentals and leasing                                     | 1,882                   | 82,511                  | 132,736                 | 189,774                 |
| Non-controlling interests                               | -                       | -                       | 39,726                  | 924                     |
| Proposed dividends                                      | 16,747                  | 516,569                 | 16,747                  | 516,569                 |
| Retained earnings                                       | 2,439,533               | (225,922)               | 2,439,533               | (225,922)               |
|   | <b>3,123,247</b>        | <b>906,492</b>          | <b>6,168,615</b>        | <b>2,943,265</b>        |

See accompanying notes to quartely financial information.

## **Cosan S.A. Indústria e Comércio**

Notes to quarterly financial information

December 31, 2011

(in thousands of Reais, unless otherwise stated)

### **1. Operations**

Cosan S.A. Indústria e Comércio ("Cosan" or "the Company") is a Brazilian Company with its shares traded on the São Paulo Stock Exchange (Bovespa – CSAN 3). Its registered office is located in the city of São Paulo, Brazil. Cosan Limited is the controlling shareholder of Cosan, holding a 62.47% interest therein as of December 31, 2011.

Cosan, through its subsidiaries and jointly controlled subsidiaries, primary activities are in the following business segments (i) Sugar & Ethanol: the production of sugar and ethanol, as well as the energy cogeneration produced from sugarcane bagasse, through its joint venture named Raízen Energia Participações S.A. ("Raízen Energia") (ii) Fuel Distribution through its joint venture named Raízen Combustíveis S.A. ("Raízen Combustíveis") (iii) Logistics services including transportation, port lifting of commodities, especially sugar (iv) Production and distribution of lubricants licensed by Mobil trademark and, (v) since July 1, 2011, the purchase and sale of sugar in the retail segment, activity that was previously developed by its joint venture Raízen Energia, now under the name of a business segment "Cosan Alimentos".

On June 1st 2011, the Company completed, jointly with Royal Dutch Shell ("Shell"), the establishment of two controlling companies ("joint ventures"): (i) Raízen Combustíveis S.A. ("Raízen Combustíveis"), in the fuel distribution segment, and (ii) Raízen Energia Participações SA ("Raízen Energia"), in the segment of sugar and ethanol. Cosan and Shell share control of the two entities, with each company holding 50% of the economic control. Cosan recorded its investments in the joint ventures using the equity method of accounting for the purposes of its individual financial information, and through proportionate consolidation in the consolidated financial information.

Cosan contributed with their business of sugar, ethanol, cogeneration and fuel distribution in the formation of joint ventures. Shell contributed its business of distributing fuel in Brazil and participation in business research and development of second generation ethanol (logen and Codexis), the license to use the Shell brand in the amount of R\$ 530,498 and a contribution of money determined valued at approximately R\$ 1.8 billion over a period of 2 years. The accounting effects arising from the formation of Raízen Combustíveis and Raízen Energia are presented in Note 21.

The logistics of sugar and lubricants business, together with investment in Radar Propriedades Agrícolas S.A. ("Radar") were not contributed to the joint ventures.

## **Cosan S.A. Indústria e Comércio**

Notes to quarterly financial information

December 31, 2011

(in thousands of Reais, unless otherwise stated)

### **2. Presentation of quarterly financial information and accounting policies**

The quarterly financial information have been prepared and presented in accordance with the accounting practices adopted in Brazil and in accordance with the rules of the Brazilian Securities and Exchange Commission ("CVM") and the pronouncements of the Accounting Standards Committee ("CPC"), which conform with the rules and procedures of the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), except for investments in subsidiary companies valued at equity method.

The financial information of the Company have been prepared and are presented in accordance with the IFRS, issued by the IASB, which do not differ from accounting practices adopted in Brazil and in accordance with the rules of the CVM and the CPCs.

The preparation of financial information follows the guidance rules of CPC 21 - Interim Financial Information. Information in the notes to the financial information that have not had any significant changes or present immaterial information in comparison to those included in the annual report dated March 31, 2011, have not been included in this financial information..

As of April 1, 2011, the following pronouncements and interpretations took effect: IAS 24 - Disclosure Requirements for State Entities and Definition of Related Party (Revised), IFRIC 14 - Prepayments of a Minimum Funding Requirement, and IFRIC 19 - Extinguishment of Financial Liabilities to Equity Instruments. The adoption of these pronouncements and interpretations did not impact the financial information for December 31, 2011.

On February 6, 2011, the Company's Board of Directors approved this financial information and authorized its issuance.

Certain reclassifications have been made for presentation purposes of certain quarterly financial information.

#### **Company's jointly controlled subsidiaries**

Cosan holds stakes in two joint ventures (Raizen Combustíveis, Raizen Energia and Raizen S.A.), which, together with Shell, have a contractual arrangement that establishes joint control of the company's activities. Cosan recognizes their participation in these joint ventures through proportionate consolidation of the consolidated information and through the equity method applied in the individual information.

# Cosan S.A. Indústria e Comércio

## Notes to quarterly financial information

December 31, 2011

(in thousands of Reais, unless otherwise stated)

### Consolidation of quarterly financial information

The consolidated quarterly financial information include information from Cosan, its subsidiaries and jointly controlled subsidiaries for the quarter ended December 31, 2011 and year ended March 31, 2011. The Subsidiaries and jointly controlled subsidiaries are listed below:

|  | December 31, 2011 |          |         | March 31, 2011 |          |         |
|--|-------------------|----------|---------|----------------|----------|---------|
|  | Direct            | Indirect | Total   | Direct         | Indirect | Total   |
| <b><u>Controlled</u></b>   |                   |          |         |                |          |         |
| Administração de Participações Aguassanta Ltda,  | 91.50%            | -        | 91.50%  | 91.50%         | -        | 91.50%  |
| Bioinvestments Negócios e Participações S,A,   | -                 | 100.00%  | 100.00% | -              | 91.50%   | 91.50%  |
| Vale da Ponte Alta S,A,  | -                 | 100.00%  | 100.00% | -              | 91.50%   | 91.50%  |
| Águas da Ponte Alta S,A,   | -                 | 100.00%  | 100.00% | -              | 91.50%   | 91.50%  |
| Proud Participações S,A,   | 100.00%           | -        | 100.00% | 99.90%         | -        | 99.90%  |
| Cosan Distribuidora de Combustíveis Ltda,  | -                 | -        | -       | 99.90%         | -        | 99.90%  |
| Cosan Overseas Limited   | 100.00%           | -        | 100.00% | 100.00%        | -        | 100.00% |
| Pasadena Empreendimentos e Participações S,A,  | 100.00%           | -        | 100.00% | 100.00%        | -        | 100.00% |
| Cosan Cayman Finance Limited   | 100.00%           | -        | 100.00% | 100.00%        | -        | 100.00% |
| Cosan Cayman II Limited  | 100.00%           | -        | 100.00% | -              | -        | -       |
| Cosan Lubrificantes e Especialidades S,A, (anteriormente denominada Cosan Combustíveis e Lubrificantes S,A,) | 100.00%           | -        | 100.00% | 100.00%        | -        | 100.00% |
| CCL Cayman Finance Limited   | -                 | 100.00%  | 100.00% | -              | 100.00%  | 100.00% |
| Copsapar Participações S,A,  | 90.00%            | -        | 90.00%  | 90.00%         | -        | 90.00%  |
| Novo Rumo Logística S,A,   | 28.80%            | 64.10%   | 92.90%  | 28.80%         | 64.10%   | 92.90%  |
| Rumo Logística S,A,  | -                 | -        | -       | -              | 69.70%   | 69.70%  |
| Handson Participações S,A,   | 100.00%           | -        | 100.00% | -              | -        | -       |
| Docelar Alimentos e Bebidas S,A,   | 33.00%            | 66.90%   | 99.90%  | 99.90%         | -        | 99.90%  |
| Cosan Operadora Portuária S,A,   | -                 | 69.70%   | 69.70%  | -              | 69.70%   | 69.70%  |
| Teaçú Armazéns Gerais S,A,   | -                 | -        | -       | -              | 69.70%   | 69.70%  |
| Logisport Armazéns Gerais S,A,   | -                 | 35.50%   | 35.50%  | -              | 35.50%   | 35.50%  |
| <b><u>Jointly Controlled Entities</u></b>  |                   |          |         |                |          |         |
| Raizen S,A, (1)  | 50.00%            | -        | 50.00%  | -              | -        | -       |
| Raizen Energia Participações S,A, (1)  | 50.00%            | -        | 50.00%  | -              | -        | -       |
| Raizen Combustíveis S,A, (1)   | 50.00%            | -        | 50.00%  | -              | -        | -       |
| IPUTI Empreendimentos e participações S.A (1)  | 50.00%            | -        | 50.00%  | -              | -        | -       |

(1) Company controlled jointly with Shell



## Cosan S.A. Indústria e Comércio

Notes to quarterly financial information

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The subsidiaries are fully consolidated from the date of acquisition of control, and continue to be consolidated until the date that control ceases to exist. The jointly controlled subsidiaries are consolidated proportionally from the date of acquisition of joint control until the date that joint control ceases to exist.

The quarterly financial information of subsidiaries and jointly controlled subsidiaries are prepared for the same disclosure period as that of the parent company, using consistent accounting policies. All balances held between the subsidiary companies and jointly controlled subsidiaries, income and expenses and unrealized gains and losses derived from intercompany transactions are eliminated in their entirety.

Any change in the ownership interest of a subsidiary that does not result in loss of control is accounted for as an equity transaction.

### 3. **New IFRS and IFRIC Interpretations Committee (Financial Reporting Interpretations of IASB) applicable to the consolidated financial statements**

New accounting pronouncements from the IASB and IFRIC interpretations have been published and / or reviewed and have the optional adoption for the current year. These new accounting pronouncements and interpretations are described below:

- IFRS 9 Financial Instruments – Classification and measurement - It reflects the first phase of the IASBs work on the replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a simplified approach to determine whether a financial asset is measured at amortized cost or fair value, based on the manner in which an entity manages its financial instruments (business model) and the typical contractual cash flow of financial assets. The standard also requires the adoption of only one method for determining losses in recoverable value of assets. The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted. Management is still evaluating the impact on its financial position or performance in relation to IFRS 9.
- IFRS 10 Consolidated Financial Statements - IFRS 10 as issued establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 *Consolidation—Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements* and is effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted. Management is still evaluating the impact on its financial position or performance from the adoption of IFRS 10.
- IFRS 11 Joint Arrangements – IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 13 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Ventures*, and is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted. The main effect of this adoption of IFRS 11 will be the end of the option of proportional consolidation. Equity method will be the only option to account for interest in joint ventures entities in the consolidated financial statements.

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- IFRS 12 Disclosures of Interests in Other Entities – IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted. Management is still evaluating the impact on its financial position or performance from the adoption of IFRS 12.

- IFRS 13 Fair Value Measurement - IFRS 13 establishes new requirements on how to measure fair value and the related disclosures for IFRS and US generally accepted accounting principles. The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted. Management is still evaluating the impact on its financial position or performance from the adoption of IFRS 13.

There are no other issued pronouncement and interpretation not yet adopted which may, in the management's opinion, have significant impact in the income statement or in the shareholder's equity disclosed by the Company.

### 4. Cash and cash equivalents

|  | Parent Company |                | Consolidated     |                  |
|--|----------------|----------------|------------------|------------------|
|  | 12.31.2011     | 03.31.2011     | 12.31.2011       | 03.31.2011       |
| Cash                                     | 119            | 146            | 1,345            | 289              |
| Bank account                             | 1,120          | 11,971         | 71,296           | 64,437           |
| Amounts pending foreign exchange closing | 904            | 5,952          | 60,833           | 78,353           |
| Highly liquid investments                | 303,929        | 354,249        | 1,061,415        | 1,110,991        |
|  | <u>306,072</u> | <u>372,318</u> | <u>1,194,889</u> | <u>1,254,070</u> |

### 5. Restricted cash

|   | Parent Company |              | Consolidated  |                |
|---|----------------|--------------|---------------|----------------|
|   | 12.31.2011     | 03.31.2011   | 12.31.2011    | 03.31.2011     |
| Restricted Financial Investments                    | -              | -            | 28,668        | 61,072         |
| Deposits in connection with derivative transactions | -              | 2,719        | 59,383        | 126,872        |
|   | <u>-</u>       | <u>2,719</u> | <u>88,051</u> | <u>187,944</u> |

Deposits in connection with derivative transactions relate to margin calls by counterparties in derivative transactions.

### 6. Others financial assets

|   | Parent Company |                | Consolidated   |                |
|---|----------------|----------------|----------------|----------------|
|   | 12.31.2011     | 03.31.2011     | 12.31.2011     | 03.31.2011     |
| Fair value of Radar option (1)            | 128,860        | 162,961        | 128,860        | 162,961        |
| Brazilian Treasury certificates – CTN (2) | 285,584        | 38,812         | 286,648        | 257,456        |
|   | <u>414,444</u> | <u>201,773</u> | <u>415,508</u> | <u>420,417</u> |

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- (1) The Company holds warrants on Radar, exercisable at any time up to maturity (August 2018). Such warrants will allow Cosan to purchase additional shares at R\$41.67 per share adjusted by inflation (IPCA, consumer price index), equivalent to 20% of the total shares issued by Radar as of the date of exercise. The exercise of warrants will not change the classification of this investment as an equity investment. The fair value of these warrants was calculated based on observable market data.
- (2) Represented by bonds issued by the Brazilian National Treasury under the Special Program for Agricultural Securitization - "PESA" with original maturity of 20 years in connection with the long-term debt denominated PESA (note 16). These bonds yield inflation (IGPM) plus 12% p.a.. The value of these securities at maturity is expected to be equal to the amount due to the PESA at that date. If the PESA debt is paid in advance, the Company may still keep this investment until maturity.

### 7. Accounts receivables

|                                 | Parent Company |               | Consolidated     |                |
|---------------------------------|----------------|---------------|------------------|----------------|
|                                 | 12.31.2011     | 03.31.2011    | 12.31.2011       | 03.31.2011     |
| Domestic                        | -              | 45,790        | 989,482          | 678,498        |
| Foreign                         | 4,015          | -             | 123,126          | 7,556          |
| Allowance for doubtful accounts | -              | (1,008)       | (90,316)         | (91,197)       |
|                                 | <b>4,015</b>   | <b>44,782</b> | <b>1,022,292</b> | <b>594,857</b> |

### 8. Inventories

|   | Parent Company |            | Consolidated |            |
|---|----------------|------------|--------------|------------|
|   | 12.31.2011     | 03.31.2011 | 12.31.2011   | 03.31.2011 |
| Finished goods:   |                |            |              |            |
| Sugar   | -              | 9,559      | 364,638      | 77,673     |
| Ethanol   | -              | 18,080     | 266,832      | 42,840     |
| Fuel and Lubricants   | -              | -          | 540,137      | 326,634    |
| Insumos   | -              | 17,546     | 45,453       | 51,598     |
| Raw material  | -              | 1,121      | 2,258        | 5,121      |
| Spare parts and other (including 50% of Raizen Trading Ethanol inventories) | -              | 51,993     | 141,531      | 186,032    |
| Provision for inventory realization and obsolescence                        | -              | (5,728)    | (6,417)      | (19,567)   |
|   | -              | 92,571     | 1,354,432    | 670,331    |

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### 9. Recoverable taxes

|                                    | Parent Company |                | Consolidated   |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 12.31.2011     | 03.31.2011     | 12.31.2011     | 03.31.2011     |
| Withholding income tax             | 13,233         | -              | 72,928         | -              |
| Income tax and social contribution | 989            | 25,953         | 24,641         | 66,274         |
| COFINS                             | -              | 61,478         | 87,658         | 121,474        |
| PIS                                | -              | 13,426         | 24,001         | 27,338         |
| State VAT - ICMS                   | 52             | 7,713          | 181,118        | 151,161        |
| IPI                                | -              | 976            | 46,316         | 47,741         |
| Others                             | 86             | 210            | 10,521         | 16,069         |
|                                    | <b>14,360</b>  | <b>109,756</b> | <b>447,183</b> | <b>430,057</b> |
| Current                            | (14,360)       | (105,134)      | (325,010)      | (374,991)      |
| Non Current                        | -              | 4,622          | 122,173        | 55,066         |

### 10. Related parties

In the normal course of business the Company has operational and financing transactions with several related parties. The significant related party balances and transactions are summarized below:

- Aguassanta:

The jointly-controlled subsidiary Raízen Energia has land leased from entities controlled by Group Aguassanta ("Aguassanta"), which is an entity that represents the controlling group. The lease costs are paid considering the ATR price published by CONSECANA and contracts having terms expiring between 2026 and 2027.

- Radar

The jointly-controlled subsidiary Raízen Energia has land leased with investee Radar Propriedades Agrícolas S.A. ("Radar"). These lease costs are paid also considering the ATR price published by CONSECANA and most of the lease contracts have terms expiring in 2027.

- Grupo Rezende Barbosa

The Company has receivable from Rezende Barbosa are ultimately guaranteed by shares issued by the Cosan.

The jointly-controlled subsidiary Raízen Energia executed a long-term agreement with Rezende Barbosa to supply sugar-cane prior related parts. Prices paid to them are based on ATR price published by CONSECANA.

- Vertical

The jointly-controlled subsidiary Raízen Energia sell and buy ethanol from Vertical UK LLP ("Vertical") in the normal course of business. Vertical is a Trading Company headquartered in Switzerland which the Company has an indirect interest of 50% without exercising control over it.

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- Raízen Energia e Raízen Combustíveis

The jointly-controlled subsidiary Raízen Energia e Raízen Combustíveis, in sequence to the contract signed upon its formation (note 21), assumed rights and obligations of certain transactions with the Company, seeking refunds or reimbursements related to certain operations prior to the formation of the joint venture.

The Company has right to a financial compensation from Raízen Energia for the tax benefit obtained by Raízen Energia due to the use of tax losses by Raízen Energia and Raízen Combustíveis for the tax benefit obtained by Raízen Combustíveis due to tax amortization of goodwill contributed by the Company.

- Grupo Shell

The jointly-controlled subsidiary Raízen Combustíveis has fuel sale operations for use on foreign aircrafts that have contracts with Shell Aviation Limited. Payments take place every fifteen days.

The jointly Raízen Combustíveis in sequence to the contract signed of the formation of the joint venture, assumed the rights to reimbursement of certain litigation from the period prior to the joint venture with Shell Brazil Holding BV.

The jointly-controlled subsidiary Raízen Energia, in response to the contract signed of the formation of the joint venture, has a certain quantity to be received due to Shell's cash contribution in the amount of R\$ 1,846,467 on December 31, 2011, being presented here only the portion equivalent to the Company, in the amount of R\$ 923,234, distributed between short and long term. This amount is indexed in U.S. dollars and has been corrected in LIBOR.

### a. Balances with related parties (Summary)

|  | <b>Consolidated</b>          |                           |
|--|------------------------------|---------------------------|
|  | <b>December<br/>31, 2011</b> | <b>March 31,<br/>2011</b> |
| <b>Current assets</b>                    |                              |                           |
| Shell Brazil Holding B.V,                | 624,043                      | -                         |
| Raízen Energia                           | 3,964                        | -                         |
| Grupo Rezende Barbosa                    | 8,919                        | 7,298                     |
| Vertical UK LLP                          | 575                          | 6,430                     |
| Raízen Combustíveis                      | 16,337                       | -                         |
| Other Related parties                    | 1,999                        | 941                       |
| Total Current assets                     | <u>655,837</u>               | <u>14,669</u>             |
| <b>Non-current assets</b>                |                              |                           |
| Shell Brazil Holding B.V,                | 795,901                      | -                         |
| Raízen Energia                           | 215,302                      | -                         |
| Raízen Combustíveis                      | 87,811                       | -                         |
| Grupo Rezende Barbosa                    | 86,561                       | 91,954                    |
| CTC - Centro de Tecnologia<br>Canavieira | 8,398                        | -                         |
| Other Related parties                    | 1,823                        | -                         |
| Total Non Current assets                 | <u>1,195,796</u>             | <u>91,954</u>             |
| Total Assets                             | <u><u>1,851,633</u></u>      | <u><u>106,623</u></u>     |

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|                                      | <b>Consolidated</b>          |                           |
|--------------------------------------|------------------------------|---------------------------|
|                                      | <b>December<br/>31, 2011</b> | <b>March 31,<br/>2011</b> |
| <b>Current Liabilities</b>           |                              |                           |
| Raízen Energia                       | 83,322                       | -                         |
| Grupo Rezende Barbosa                | 41,236                       | 37,664                    |
| Shell Brazil Holding B,V,            | 98,145                       | -                         |
| Raízen Combustíveis                  | 1,216                        | -                         |
| Others                               | 4,625                        | 3,499                     |
| <b>Total Current Liabilities</b>     | <b>228,544</b>               | <b>41,163</b>             |
| <b>Non-Current Liabilities</b>       |                              |                           |
| Shell Brazil Holding B,V,            | 381,868                      | -                         |
| Raízen Energia                       | 82,909                       | -                         |
| Others                               | 3,713                        | 4,444                     |
| <b>Total Non Current Liabilities</b> | <b>468,490</b>               | <b>4,444</b>              |
| <b>Total Liabilities</b>             | <b>697,034</b>               | <b>45,607</b>             |

### b. Transactions with related parties (Summary)

|                                     | <b>Consolidated</b>          |                              |
|-------------------------------------|------------------------------|------------------------------|
|                                     | <b>December<br/>31, 2011</b> | <b>December<br/>31, 2010</b> |
| <b>Sale</b>                         |                              |                              |
| Vertical UK LLP                     | 151,900                      | 144,630                      |
| Others                              | 308                          | 36,151                       |
|                                     | <u>152,208</u>               | <u>180,781</u>               |
| <b>Purchase of products/ inputs</b> |                              |                              |
| Grupo Rezende Barbosa               | 270,347                      | 303,564                      |
| Vertical UK LLP                     | 55,207                       | -                            |
| Shell Western Supply and Trading    | 7,032                        | -                            |
| Grupo Rezende Barbosa               | 332,586                      | 303,564                      |
| <b>Leased land</b>                  |                              |                              |
| Aguassanta                          | 14,115                       | 19,677                       |
| Others                              | 19,524                       | 20,770                       |
|                                     | <u>33,639</u>                | <u>40,447</u>                |
| <b>Financial income/ (expense)</b>  |                              |                              |
| Grupo Rezende Barbosa               | 1,949                        | -                            |
| Shell Brazil Holding B,V,           | 136,523                      | -                            |
| Others                              | 157                          | -                            |
|                                     | <u>138,629</u>               | <u>-</u>                     |

### c. Officers and directors compensation

At the General and Extraordinary Assembly in 29 July 2011 was approved the total annual remuneration of the directors of the Company for the fiscal year ending on March 31, 2012 in the maximum amount until R\$ 32,000 (including fees and bonuses).

Additionally, in the same Assembly it was approved the Comany new stock options plan, which until December 31, 2011 had granted 9,825,000 options (Note 25).

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### 11. Business combinations and acquisitions of non-controlling shareholders

#### a. Sugar Retail Business

On 1 July 2011, Cosan, through its indirect subsidiary Docelar Alimentos SA ("Docelar"), acquired the retail business of sugar from Raizen Energia. The preliminary fair value estimated at the acquisition date of the consideration was R\$ 175,000, which consisted of the following:

|                          |                |
|--------------------------|----------------|
| Cash                     | 145,560        |
| Contingent consideration | 29,440         |
| Total                    | <u>175,000</u> |

The fair value of assets acquired and liabilities assumed preliminarily estimated on the date of acquisition of the retail sugar was as follows:

|   |                       |
|---|-----------------------|
| <b>Descrição</b>                          |                       |
| Accounts receivable                       | 105,894               |
| Inventories                               | 33,398                |
| Recoverable taxes                         | 3,413                 |
| Deferred income taxes                     | 12,956                |
| Fixed Assets                              | 37,114                |
| Trade accounts payable                    | (21,709)              |
| Other non-current liabilities             | (6,360)               |
| <b>Net assets acquired</b>                | <u><b>164,706</b></u> |
| Total consideration, net of acquired cash | <u>175,000</u>        |
| Preliminary goodwill                      | <u><b>10,294</b></u>  |

The purchase price for the acquisition of the retail sugar was allocated on a preliminary basis based on the estimated fair value of assets acquired and liabilities assumed. The goodwill was allocated to the primary segment "Cosan Alimentos."

The assets represented by retail brands, such as "União" and "DaBarra" which had not been contributed to the Raizen Energia, beyond this quarter, considered as assets of the "Cosan Alimentos."

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### 12. Equity method investments

#### a) Parent Company

|  | Investments              |                         | Equity income (loss) of subsidiaries and associates |                       |
|--|--------------------------|-------------------------|---|-----------------------|
|  | 12.31.2011               | 03.31.2011              | 12.31.2011  | 12.31.2010            |
| <b><u>Subsidiaries and jointly-controlled subsidiaries</u></b> |                          |                         |   |                       |
| Administração de Participações Aguassanta S.A.                 | 148,184                  | 138,193                 | (2,475)   | (132)                 |
| Copsapar Participações S.A.                                    | 541,990                  | 498,102                 | 57,612  | 50,362                |
| Cosan Cayman Limited   | -                        | 376,311                 | (18,159)  | -                     |
| Cosan Cayman Finance Limited                                   | 745,218                  | 651,480                 | 131,497   | -                     |
| Cosan Cayman II Limited  | 1,081                    | -                       | 86,896  | -                     |
| Cosan Distribuidora de Combustíveis S.A.                       | -                        | -                       | 2,247,977   | -                     |
| Cosan Finance Limited  | -                        | 17,489                  | -   | (3,076)               |
| Cosan International Universal Corporation                      | -                        | 1,304                   | -   | (2)                   |
| Cosan Overseas   | 3,478                    | -                       | 15,945  | -                     |
| Cosan Lubrificantes e Especialidades S.A                       | 1,153,854                | 1,933,302               | 88,914  | 79,372                |
| Handson Participações S.A                                      | 143,076                  | -                       | 57,215  | -                     |
| Novo Rumo Logística S.A.                                       | 243,545                  | 223,006                 | 26,710  | 22,657                |
| Proud Participações S.A.                                       | 214,658                  | 53,236                  | 12,574  | -                     |
| Raízen Combustíveis S.A.                                       | 4,445,003                | -                       | 36,348  | -                     |
| Raízen Energia Participações S.A.                              | 3,622,509                | -                       | (30,083)  | -                     |
| Raízen Energia S.A.  | -                        | 2,946,111               | 235,058   | 20,330                |
| Raízen S.A. Bioenergia   | -                        | 152,929                 | -   | 16,526                |
| Raízen Tarumã S.A.   | -                        | 959,665                 | -   | -                     |
| TEAS - Terminal Exportador de Álcool de Santos S.A.            | -                        | 40,088                  | -   | 678                   |
| <b><u>Associates</u></b>                                       |                          |                         |   |                       |
| Radar Propriedades Agrícolas S.A.                              | 265,194                  | 260,757                 | 4,449   | 21,629                |
| Vertical   | 8,871                    | 8,872                   | -   | -                     |
| Others investments   | 8,285                    | 29,343                  | 548   | (15,992)              |
|  | <b><u>11,544,946</u></b> | <b><u>8,290,188</u></b> | <b><u>2,951,026</u></b>                             | <b><u>192,352</u></b> |
| <b>Balance at March 31, 2011</b>                               | <b>8,290,188</b>         |                         |   |                       |
| Equity income of associates                                    | <b>2,951,026</b>         |                         |   |                       |
| Investments on Docelar and Tellus                              | <b>90,796</b>            |                         |   |                       |
| Comprehensive income   | <b>(20,147)</b>          |                         |   |                       |
| Net effect of the formation of Raízen                          | <b>270,044</b>           |                         |   |                       |
| Incorporation into subsidiary                                  | <b>45,314</b>            |                         |   |                       |
| Declared dividends and interets on equity from Raízen          | <b>(122,373)</b>         |                         |   |                       |
| Others   | <b>40,098</b>            |                         |   |                       |
| <b>Balance at December 31, 2011</b>                            | <b><u>11,544,946</u></b> |                         |   |                       |



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### 12. Investments – (cont)

#### b) Consolidated

|                                     | Investments    |                | Equity income (loss) of subsidiaries and associates |               |
|-------------------------------------|----------------|----------------|---|---------------|
|                                     | 12.31.2011     | 03.31.2011     | 12.31.2011  | 12.31.2010    |
| Radarr Propriedades Agrícolas S.A.  | 265,194        | 260,756        | 4,438   | 7,178         |
| Codexis Inc                         | 51,886         | -              | (347)   | -             |
| Others investments                  | 51,558         | 43,386         | (3,452)   | 8,777         |
|                                     | <b>368,638</b> | <b>304,142</b> | <b>639</b>  | <b>15,955</b> |
| <b>Balance at March 31, 2011</b>    |                | <b>304,142</b> |   |               |
| Equity income of associates         |                | 639            |   |               |
| Investment on Logum and Tellus      |                | 26,270         |   |               |
| Formation of RAIZEN effects         |                | 38,114         |   |               |
| Other                               |                | (527)          |   |               |
| <b>Balance at December 31, 2011</b> |                | <b>368,638</b> |   |               |

### 13. Biological assets

Changes in biological assets (sugarcane plants) is described below:

|   | Parent Company | Consolidated     |
|---|----------------|------------------|
| <b>Balances at March 31, 2011</b>                                   | <b>532,140</b> | <b>1,561,132</b> |
| Asset contribution to subsidiary                                    | (532,140)      | -                |
| Changes in fair value less estimated cost to sell                   | -              | (37,845)         |
| Increase due to planting and growing costs                          | -              | 442,012          |
| Harvest cane transferred to inventory (*)                           | -              | (393,862)        |
| Proportional consolidation effect due to the formation of JVs (50%) | -              | (803,584)        |
| <b>Balances at December 31, 2011</b>                                | <b>-</b>       | <b>767,853</b>   |

(\*)R\$ 115,042 of this amount was allocated in sugar and ethanol's inventory as of December 31, 2011.

#### Sugarcane plants

Areas cultivated represent only sugarcane, without considering the land where these crops are found. The following assumptions were used to determine fair value using the discounted cash flow (consolidated):

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### 13. Biological assets (cont)

|  | <u>12.31.2011</u> | <u>03.31.2011</u> |
|--|-------------------|-------------------|
| Crop area (hectares) (1)                                 | 325,720           | 340,386           |
| Expected average productivity (tons of cane per hectare) | 85                | 85                |
| Average amount of total recoverable sugar – ATR (kg)     | 138.54            | 138.54            |
| Price kg ATR projected average (R\$/kg)                  | 0.4228            | 0.4228            |

(1) The biological assets are proportionally consolidated in 50% in the Company.

Sugar production depends on the volume and sucrose content of sugarcane grown or supplied by farmers located near the plants. The yield of the crop and the sucrose content in sugarcane mainly depend on weather conditions such as rainfall rate and temperature, which may vary.

Historically, weather conditions have caused volatility in ethanol and sugar production, and consequently in our operating results because it cause damage to the annual harvest. Future climate conditions may reduce the amount of sugar and sugarcane that the Company will obtain in a particular season or in the sucrose content of sugarcane. Additionally, our business is subject to seasonality according to the growth cycle of sugarcane in the south-central region of Brazil.

The period of annual harvest of sugarcane in the south-central region of Brazil begins in April / May and ends in November / December. This creates variations in stock, usually high in November to cover sales between harvests (i.e. from December to April) and a degree of seasonality in gross profit as sales of ethanol and sugar are significantly lower in the last quarter of fiscal year. The seasonality and any reduction in the volume of sugar recovered could have a material adverse effect on our operating results and financial condition.

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## 14. Property, plant and equipment

|  | Parent Company     |                  |                  |                  |                                |                    |
|--|--------------------|------------------|------------------|------------------|--------------------------------|--------------------|
|  | 03.31.2011         | Addition         | Write-off        | Transfer         | Capital increase in subsidiary | 12.31.2011         |
| <b>Cost:</b>   |                    |                  |                  |                  |                                |                    |
| Land and rural properties                              | 240,330            | -                | -                | -                | (239,105)                      | 1,225              |
| Buildings and improvements                             | 181,081            | -                | -                | -                | (172,902)                      | 8,179              |
| Machinery, equipments and installations                | 653,655            | 2                | -                | (835)            | (651,213)                      | 1,609              |
| Aircraft   | 13,395             | -                | -                | -                | -                              | 13,395             |
| Boats and vehicles                                     | 110,966            | -                | (206)            | -                | (110,760)                      | -                  |
| Furniture, fixtures and computer equipment             | 40,008             | 6                | -                | 251              | (40,006)                       | 259                |
| Construction in progress                               | 200,830            | 4,238            | -                | (381)            | (193,921)                      | 10,766             |
| Others   | 234,356            | -                | -                | (62,521)         | (171,834)                      | 1                  |
| <b>Total</b>   | <b>1,674,621</b>   | <b>4,246</b>     | <b>(206)</b>     | <b>(63,486)</b>  | <b>(1,579,741)</b>             | <b>35,434</b>      |
| <b>Depreciation:</b>                                   |                    |                  |                  |                  |                                |                    |
| Buildings and improvements                             | (36,000)           | (246)            | -                | (1)              | 35,704                         | (543)              |
| Machinery, equipments and installations                | (315,771)          | (86)             | -                | 374              | 314,746                        | (737)              |
| Aircraft   | (13,395)           | -                | -                | -                | -                              | (13,395)           |
| Boats and vehicles                                     | (46,639)           | (7)              | 159              | -                | 46,487                         | -                  |
| Furniture, fixtures and computer equipment             | (19,235)           | (32)             | -                | (34)             | 19,186                         | (115)              |
| Others   | (66,283)           | -                | -                | 63,147           | 3,136                          | -                  |
| <b>Total</b>   | <b>(497,323)</b>   | <b>(371)</b>     | <b>159</b>       | <b>63,486</b>    | <b>419,259</b>                 | <b>(14,790)</b>    |
|  | <b>1,177,298</b>   | <b>3,875</b>     | <b>(47)</b>      | <b>-</b>         | <b>(1,160,482)</b>             | <b>20,644</b>      |
|  | Consolidated       |                  |                  |                  |                                |                    |
|  | 03.31.2011         | Addition         | Write-off        | Transfer         | Capital increase in subsidiary | 12.31.2011         |
| <b>Cost:</b>   |                    |                  |                  |                  |                                |                    |
| Land and rural properties                              | 1,263,240          | 13,268           | (36,224)         | (2,514)          | 388,147                        | 1,625,917          |
| Buildings and improvements                             | 1,122,256          | 2,573            | (16,416)         | 169,652          | (287,960)                      | 990,105            |
| Machinery, equipments and installations                | 4,980,432          | 49,951           | (23,433)         | 752,608          | (560,573)                      | 5,198,985          |
| Aircraft   | 30,903             | -                | (4,691)          | -                | -                              | 26,212             |
| Rail cars and locomotives                              | 341,647            | -                | -                | 50,000           | -                              | 391,647            |
| Boats and vehicles                                     | 323,042            | 3,043            | (1,311)          | 23,736           | (46,283)                       | 302,227            |
| Furniture, fixtures and computer equipment             | 137,206            | 255              | (4,928)          | 18,880           | (21,740)                       | 129,673            |
| Construction in progress                               | 1,218,765          | 720,456          | (4,013)          | (603,427)        | (512,056)                      | 819,725            |
| Advances for purchase of property, plant and equipment | 148,947            | -                | (2,009)          | (33,570)         | (36,482)                       | 76,886             |
| Parts and components to be periodically replaced       | 1,043,342          | 202,019          | -                | (117,292)        | (277,221)                      | 850,848            |
| Other  | 4,782              | 13,078           | (11,388)         | 30,964           | 134,726                        | 172,162            |
| <b>Total</b>   | <b>10,614,562</b>  | <b>1,004,643</b> | <b>(104,413)</b> | <b>289,037</b>   | <b>(1,219,442)</b>             | <b>10,584,387</b>  |
| <b>Depreciation:</b>                                   |                    |                  |                  |                  |                                |                    |
| Land and rural properties                              | (3,118)            | -                | -                | 3,118            | -                              | -                  |
| Buildings and improvements                             | (287,620)          | (36,892)         | 5,646            | (50,990)         | 107,891                        | (261,965)          |
| Machinery, equipments and installations                | (1,472,512)        | (265,006)        | 14,780           | (312,865)        | 651,713                        | (1,383,890)        |
| Aircraft   | (15,195)           | (1,196)          | 860              | -                | -                              | (15,531)           |
| Rail cars and locomotives                              | (6,128)            | (9,174)          | -                | -                | -                              | (15,302)           |
| Boats and vehicles                                     | (150,146)          | (21,612)         | 1,426            | (13,448)         | 60,555                         | (123,225)          |
| Furniture, fixtures and computer equipment             | (87,460)           | (8,712)          | 3,709            | (12,366)         | 11,119                         | (93,710)           |
| Construction in progress                               | -                  | 139              | -                | 70               | -                              | 209                |
| Parts and components to be periodically replaced       | (611,859)          | (303,082)        | -                | 129,322          | 37,728                         | (747,891)          |
| Others   | -                  | (5,056)          | 4,349            | (21,503)         | (85,678)                       | (107,888)          |
| <b>Total</b>   | <b>(2,634,038)</b> | <b>(650,591)</b> | <b>30,770</b>    | <b>(278,662)</b> | <b>783,328</b>                 | <b>(2,749,193)</b> |
|  | <b>7,980,524</b>   | <b>354,052</b>   | <b>(73,643)</b>  | <b>10,375</b>    | <b>(436,114)</b>               | <b>7,835,194</b>   |

## Cosan S.A. Indústria e Comércio

Notes to quarterly financial information

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### Capitalization of borrowing costs

During the period of nine months ended December 31, 2011, borrowing costs capitalized amounted to R\$ 71,661 (R\$ 70,543 during the year ended March 31, 2011). The weighted average interest rate, used for capitalization of interest on the balance of construction in progress, was 8.60% at 2011 (9.13% per year during the year ended March 31, 2011).

## 15. Intangible assets

| Parent Company           |                   |                |                  |                                    |                      |                |
|--------------------------|-------------------|----------------|------------------|------------------------------------|----------------------|----------------|
|                          | At March 31, 2011 | Additions      | Transfers        | Capital contribution in subsidiary | At December 31, 2011 |                |
| <b>Cost</b>              |                   |                |                  |                                    |                      |                |
| Software                 | 50,182            | -              | -                | (50,182)                           | -                    | -              |
| Trademarks and patents   | -                 | -              | -                | 85,354                             | 85,354               | 85,354         |
| Goodwill                 | 332,239           | -              | (193,633)        | (138,606)                          | -                    | -              |
| Others                   | 17,603            | -              | -                | -                                  | 17,603               | 17,603         |
| <b>Total</b>             | <b>400,024</b>    | <b>-</b>       | <b>(193,633)</b> | <b>(103,434)</b>                   | <b>102,957</b>       | <b>102,957</b> |
| <b>Depreciation:</b>     |                   |                |                  |                                    |                      |                |
| Software                 | (32,809)          | -              | -                | 32,809                             | -                    | -              |
| Trademarks and patents   | -                 | (1,326)        | -                | -                                  | (1,326)              | (1,326)        |
| Others                   | (744)             | (3,409)        | -                | -                                  | (4,153)              | (4,153)        |
| <b>Total</b>             | <b>(33,553)</b>   | <b>(4,735)</b> | <b>--</b>        | <b>32,809</b>                      | <b>(5,479)</b>       | <b>(5,479)</b> |
| <b>Net salvage value</b> | <b>366,471</b>    | <b>(4,735)</b> | <b>(193,633)</b> | <b>(70,625)</b>                    | <b>97,478</b>        | <b>97,478</b>  |

| Consolidated               |                   |                  |                  |                  |                                    |                      |
|----------------------------|-------------------|------------------|------------------|------------------|------------------------------------|----------------------|
|                            | At March 31, 2011 | Additions        | Write offs       | Transfers        | Capital contribution in subsidiary | At December 31, 2011 |
| <b>Cost</b>                |                   |                  |                  |                  |                                    |                      |
| Software                   | 98,063            | 570              | (1)              | (72,756)         | 28,065                             | 53,941               |
| Trademarks and patents     | 429,671           | -                | (9,513)          | (40,375)         | 230,401                            | 610,184              |
| Goodwill                   | 2,253,320         | -                | (195,390)        | 10,293           | 789,906                            | 2,858,129            |
| Customer base              | 583,420           | -                | -                | (57,701)         | 317,986                            | 843,705              |
| Leases                     | 155,505           | -                | (232)            | (14,021)         | (61,333)                           | 79,919               |
| Distribution rights        | 170,291           | 61,753           | -                | -                | 152,337                            | 384,381              |
| Others                     | 43,263            | 14,191           | (8,647)          | 14,156           | 132,447                            | 195,410              |
| <b>Total</b>               | <b>3,733,533</b>  | <b>76,514</b>    | <b>(213,783)</b> | <b>(160,404)</b> | <b>1,589,809</b>                   | <b>5,025,669</b>     |
| <b>Depreciation</b>        |                   |                  |                  |                  |                                    |                      |
| Software                   | (66,111)          | (6,216)          | 1                | 68,507           | (34,254)                           | (38,073)             |
| Trademarks and patents     | (98,710)          | (28,746)         | -                | 35,195           | (2,335)                            | (94,596)             |
| Customer base              | (41,038)          | (31,480)         | -                | 38,383           | (16,587)                           | (50,722)             |
| Favorable operating leases | (15,118)          | (2,701)          | 232              | 13,585           | (7,559)                            | (11,561)             |
| Distribution rights        | (62,387)          | (18,953)         | -                | -                | (34,641)                           | (115,981)            |
| Others                     | (4,495)           | (17,288)         | (222)            | (5,641)          | (93,312)                           | (120,958)            |
| <b>Total</b>               | <b>(287,859)</b>  | <b>(105,384)</b> | <b>11</b>        | <b>150,029</b>   | <b>(188,688)</b>                   | <b>(431,891)</b>     |
|                            | <b>3,445,674</b>  | <b>(28,870)</b>  | <b>(213,772)</b> | <b>(10,375)</b>  | <b>1401,121</b>                    | <b>4,593,778</b>     |

## Cosan S.A. Indústria e Comércio

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(in thousands of Reais, unless otherwise stated)

### 15. Intangible Assets – (cont)

| Intangible assets( except Goodwill)    | Annual<br>amortization              | 12.31.2011       | 03.31.2011       |
|--|-------------------------------------|------------------|------------------|
|  | rate                                |                  |                  |
| Software                               | 20%                                 | 15,869           | 31,952           |
| Trademarks and patents (a)             | 20%                                 | 271,772          | 68,696           |
| Trademark Mobil (b)                    | 10%                                 | 159,789          | 176,911          |
| Trademark União (c)                    | 2%                                  | 84,027           | 85,354           |
| Customer base (d)                      | 3%                                  | 507,313          | 247,907          |
| Operation license and customer base(e) | 4%                                  | 285,669          | 294,475          |
| Favorable operating leases (f)         | 6%                                  | 68,358           | 140,387          |
| Distribution rights                    | Straight line<br>over contract term | 268,400          | 107,904          |
| Others                                 |                                     | 74,451           | 38,768           |
| <b>Total</b>                           |                                     | <b>1,735,648</b> | <b>1,192,354</b> |

(a) Refers to the right to use the trademark of fuel distribution through its joint venture Raízen Combustíveis.

(b) Refers to the right to use the trademark of Mobil lubricants.

(c) Refers to the right to use the trademark sugar União arising from business combination.

(d) Refers to the relationship between Raízen Combustíveis and the gas station that maintain its flags.

(e) license and customer relations of Rumo, arising from business combination.

(f) Intangible assets related to existing contracts of lease of land from business combination.

### Impairment testing of goodwill

The Company tests annually (on March 31) the recoverable amounts of intangible assets with indefinite useful lives, consisting primarily of a portion of goodwill from expected future income resulting from business combination processes and establishment of joint ventures. The assets property, plant and equipments and intangible assets subject to amortization are reviewed whenever there are indications that the carrying amount is not recoverable.

During the quaterd ended December 31, 2011, the Company did not identify any indicators of impairment that would required another impairment test.

The combined accounting values of goodwill allocated to each unit are as follows:

| Accounting value of Goodwill               | Consolidated     |                  |
|--|------------------|------------------|
|  | 12.31.2011       | 03.31.2011       |
| Cash-generating unit Raízen Energia        | 1,580,670        | 1,433,982        |
| Cash-generating unit Raízen Combustíveis   | 631,383          | 184,415          |
| Cash-generating unit Docelar               | 10,294           | -                |
| Cash-generating unit Rumo                  | 63,812           | 63,814           |
| Cash-generating unit Cosan outros negócios | 571,970          | 571,109          |
| <b>Total goodwill</b>                      | <b>2,858,129</b> | <b>2,253,320</b> |

## Cosan S.A. Indústria e Comércio

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### 16. Loans and long term debt

| Description            | Financial charges (1) |                              | Parent Company |                  | Consolidated     |                  | Maturity date |
|------------------------|-----------------------|------------------------------|----------------|------------------|------------------|------------------|---------------|
|                        | Index                 | Avarega Annual interest rate | 12.31.2011     | 03.31.2011       | 12.31.2011       | 03.31.2011       |               |
| Senior Notes 2014      | Dollar (USD)          | 9.5%                         | -              | -                | 339,958          | 576,814          | july/14       |
| Senior Notes 2017      | Dollar (USD)          | 7.0%                         | -              | -                | 386,029          | 658,954          | february/17   |
| BNDES                  | URTJLP                | 2.71%                        | -              | -                | 670,939          | 1,308,034        | october/25    |
|                        | Prefixed              | 4.5%                         | -              | -                | 177,309          | 242,508          | july/20       |
|                        | UMBND                 | 6.54%                        | -              | -                | 19,708           | 38,947           | july/19       |
|                        | Dollar (USD)          | 6.89%                        | -              | -                | 16               | -                | november/12   |
| Bank Credit Notes      | CDCA                  | 0.55%+CDI                    | -              | -                | -                | 31,378           | december/11   |
| ACC                    | Dollar (USD)          | 1.83%                        | -              | 65,215           | 249,447          | 228,229          | august/12     |
| Perpetual Notes        | Dollar (USD)          | 8.25%                        | -              | 741,553          | 949,721          | 1,236,209        | november/15   |
| Resolution 2471 (PESA) | IGP-M                 | 3.95%                        | -              | 110,361          | 313,112          | 674,392          | april/23      |
|                        | Prefixed              | 3.0%                         | -              | 114              | 53               | 114              | october/25    |
| Rural Credits          | Prefixed              | 6.75%                        | -              | 31,168           | 20,129           | 92,352           | october/12    |
|                        | Dollar (USD) + Libor  | 2.15%                        | -              | -                | 422,086          | -                | march/13      |
| Working capital        | IGP-M                 | 11%                          | -              | -                | 111              | -                | december/12   |
|                        | Prefixed              | 13.71%                       | -              | -                | 5,529            | -                | march/15      |
| Pre payments           | Dollar (US) + Libor   | 5.37%                        | -              | 244,493          | 374,690          | 736,472          | april/16      |
| Credit Notes           | 110% CDI              | -                            | 328,495        | 303,028          | 328,495          | 303,719          | february/14   |
|                        | Dollar (USD)          | 2.35%                        | -              | 167,196          | 175,683          | 314,105          | february/13   |
| Finame                 | Prefixed              | 6.25%                        | -              | -                | -                | 10,142           | october/12    |
|                        | Prefixed              | 4.84%                        | -              | -                | 414,311          | 517,842          | july/20       |
|                        | URTJLP                | 2.32%                        | -              | -                | 290,917          | 187,336          | january/22    |
| Others                 | UMBND                 | 8.39%                        | -              | -                | 23               | -                | october/12    |
|                        | Diverse               | Diverse                      | -              | -                | -                | 62,294           | Diverse       |
| Debt issuance costs    |                       |                              | -              | (1,366)          | (10,305)         | (28,546)         |               |
|                        |                       |                              | <b>328,495</b> | <b>1,661,762</b> | <b>5,127,961</b> | <b>7,191,295</b> |               |
| Current                |                       |                              | -              | 110,526          | 725,650          | 916,400          |               |
| Non-current            |                       |                              | <b>328,495</b> | <b>1,551,236</b> | <b>4,402,311</b> | <b>6,274,895</b> |               |

(1) Financial charges as of December 31, 2011, except as indicated otherwise;

All loans and long-term debt are guaranteed by promissory notes and endorsements of the Company and its jointly-controlled subsidiaries and controlling shareholders, besides other guarantees, such as: i) Credit rights originated from energy contracts (BNDES); ii) CTN and land mortgages; and iii) underlying assets being financed (Finame).

Long-term debt has the following scheduled maturities:

|                 | Parent Company |                  | Consolidated     |                  |
|-----------------|----------------|------------------|------------------|------------------|
|                 | 12.31.2011     | 03.31.2011       | 12.31.2011       | 03.31.2011       |
| 13 to 24 months | -              | 223,578          | 753,766          | 745,454          |
| 25 to 36 months | 328,495        | 363,953          | 1,006,950        | 762,649          |
| 37 to 48 months | -              | 60,926           | 1,156,262        | 1,010,797        |
| 49 to 60 months | -              | 60,992           | 212,514          | 777,963          |
| 61 to 72 months | -              | 8                | 547,437          | 878,092          |
| 73 to 84 months | -              | 8                | 281,807          | 222,289          |
| 85 to 96 months | -              | 19,443           | 215,578          | 453,711          |
| Thereafter      | -              | 822,328          | 227,997          | 1,423,940        |
|                 | <b>328,495</b> | <b>1,551,236</b> | <b>4,402,311</b> | <b>6,274,895</b> |

## **Cosan S.A. Indústria e Comércio**

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### **16. Loans and long term debt – (cont)**

#### PESA – Resolution 2471

From 1998 to 2000, the Company and currently the jointly-controlled Raízen Energia renegotiated their debts related to financing for agricultural costs with several financial institutions, reducing it to annual interest rates below 10%, ensuring the repayment of debt's principal with assignment and transfer of Treasury Certificates, redeemable at the debt clearing, using the incentives promoted by Central Bank resolution No. 2471 of February 26, 1998. That debt is self-cleared by CTN, as mentioned in explanatory note 5.

#### Senior Notes due on 2014

On August 4, 2009, the indirect subsidiary CCL Finance Limited issued Senior Notes in the international market in accordance with "Regulation S" and "Rule 144A" in the amount of US\$350 million, which are subject to interest of 9.5% per year payable semiannually in February and August each year, beginning in February 2010.

#### Senior Notes due on 2017

On January 26, 2007, the wholly-owned indirect controlled Cosan Finance Limited issued Senior Notes in the international market in accordance with the "Regulation S" and "Rule 144A" in the amount of US\$ 400 million, which are subject to interest at 7% per annum, payable semiannually in February and August of each year.

#### BNDES

Refers to the financing of cogeneration projects, greenfields (sugar and ethanol mills) and expansion of the logistics segment.

## **Cosan S.A. Indústria e Comércio**

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### **16. Loans and long term debt (cont)**

#### Perpetual Notes

On January 24 and February 10, 2006, the Company issued Perpetual Notes in the international market in accordance with "Regulation S" and "Rule 144A" in the amount of US\$450 million for qualified institutional investors. The Perpetual Notes were repurchased on May 2011 as part of the financial restructuring for the formation of the joint venture. In order to repurchase these notes, working capital was raised.

On November 5, 2010, the subsidiary Cosan Overseas Limited issue Perpetual Notes in the international market, in accordance with "Regulation S" in the amount of US\$300 million, which are subject to interest at 8.25% per year, payable quarterly. On July 2011, complementary Perpetual Notes of US\$ 200 million were issued, which are subject to the same conditions of the previous operation.

#### Export Prepayment

Between 2009 and 2011, the Company and its jointly-controlled Raízen Energia signed export prepayment with several institutions. These export prepayment will be for funding of future sugar exports which will be settled between 2013 and 2016.

#### Working Capital

On May 16, 2011, a bank debt of US\$ 450 million was issued in favour of the jointly-controlled subsidiary Raízen Energia in order to replace (and repay) the perpetual notes issued in 2006. This bank debt matures in two years, its interest is payable quarterly and is subject to Libor + interest of 2.15% per annum.

#### Advances on Foreign Exchange Contracts ("ACC") and Credit Notes

ACC contracts and credit notes have been signed with several financial institutions and will be cleared through exports made from 2011 and 2014. These transactions are subject to interest payable semiannually and on maturity.

#### Finame

Finame borrowings are financing related to financing of machinery and equipment. These loans are subject to interest payable monthly and are secured by underlying financed assets.



## Cosan S.A. Indústria e Comércio

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### 16. Loans and long term debt – (cont)

#### Covenants

The Company, its subsidiaries and jointly-controlled subsidiaries are annually (March 31) subject to certain restrictive financial covenants set forth in existing loans and financing agreements based on certain financial indicators, which are monthly assessed by management. For the quarter ended December 31, 2011, the Company, its subsidiaries and jointly-controlled subsidiaries were in compliance with its debt covenants

### 17. Taxes payable

| Description                     | Parent Company |                | Consolidated     |                |
|---------------------------------|----------------|----------------|------------------|----------------|
|                                 | 12.31.2011     | 03.31.2011     | 12.31.2011       | 03.31.2011     |
| ICMS                            | 2              | 7,268          | 30,894           | 72,265         |
| IPI                             | -              | 843            | 3,778            | 30,661         |
| INSS                            | 663            | 5,828          | 12,407           | 25,309         |
| PIS                             | 898            | -              | 5,186            | 7,229          |
| COFINS                          | 4,140          | -              | 47,586           | 33,721         |
| Recovery program – Refis IV (a) | 711,969        | 100,768        | 1,288,265        | 670,645        |
| Others                          | 389            | 7,768          | 79,080           | 44,525         |
|                                 | <b>718,061</b> | <b>122,475</b> | <b>1,467,196</b> | <b>884,355</b> |
| Current                         | 67,587         | 33,758         | 282,433          | 245,284        |
| Non-current                     | 650,474        | 88,717         | 1,184,763        | 639,071        |

- a) On July 2011 the subsidiary Cosan Lubrificantes e Especialidades S.A., successor entity of Esso Brasileira de Petróleo Ltda. (“Essobrás”), consolidated the current tax liabilities included the special program of federal tax recovery (“Refis IV”) in the amount of 537,703, as determined by ExxonMobil Brasil Holdings BV., former owner of Essobrás and contractually responsible for these liabilities. As a result, the Company recognized an obligation and a corresponding accounts receivable of ExxonMobil Brasil Holdings BV in the same amount, under the caption “other credits”, of which R\$40,080 in the short term and the remaining balance in the long term..

Maturities of long-term taxes payable are as follows:

|                 | Parent Company |               | Consolidated     |                |
|-----------------|----------------|---------------|------------------|----------------|
|                 | 12.31.2011     | 03.31.2011    | 12.31.2011       | 03.31.2011     |
| 13 to 24 months | 55,170         | 11,080        | 100,330          | 67,848         |
| 25 to 36 months | 54,445         | 7,335         | 98,373           | 61,205         |
| 37 to 48 months | 54,386         | 7,199         | 98,085           | 60,396         |
| 49 to 60 months | 54,386         | 6,870         | 97,568           | 60,008         |
| 61 to 72 months | 54,000         | 6,489         | 97,182           | 52,243         |
| 73 to 84 months | 52,856         | 6,489         | 96,039           | 46,707         |
| 85 to 96 months | 52,741         | 6,489         | 95,923           | 45,799         |
| Thereafter      | 272,490        | 36,766        | 501,263          | 244,865        |
|                 | <b>650,474</b> | <b>88,717</b> | <b>1,184,763</b> | <b>639,071</b> |

# Cosan S.A. Indústria e Comércio

Notes to quarterly financial information

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(in thousands of Reais, unless otherwise stated)

## 18. Income taxes and social contribution

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

|   | Parent Company          |                         | Consolidado             |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 04.01.11 to<br>12.31.11 | 04.01.10 to<br>12.31.10 | 04.01.11 to<br>12.31.11 | 04.01.10 to<br>12.31.10 |
| Income before income tax and social contribution                    | 2,258,557               | 345,945                 | 3,596,258               | 469,242                 |
| Income tax and social contribution at nominal rate (34%)            | (767,909)               | (117,621)               | (1,222,728)             | (159,542)               |
| <b>Adjustments made for determining the effective rate:</b>         |                         |                         |                         |                         |
| Equity pick-up  | 951,397                 | 70,871                  | 217                     | 6,718                   |
| Valuation allowance   | -                       | -                       | 31,334                  | -                       |
| Donations and grants  | -                       | (4,916)                 | -                       | (8,050)                 |
| Income not taxable of foreign subsidiary                            | 46,534                  | -                       | 101,004                 | -                       |
| Interests on equity   | (17,000)                | (3,108)                 | -                       | (18,121)                |
| Others  | (15,299)                | (524)                   | (10,079)                | (524)                   |
| Total of deferred and current income taxes and social contributions | <b>197,723</b>          | <b>(55,298)</b>         | <b>(1,100,252)</b>      | <b>(179,519)</b>        |

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

| Assets  | 12.31.2011<br>Parent Company |                  |                  |                    | 03.31.2011       |
|---|------------------------------|------------------|------------------|--------------------|------------------|
|   | Basis                        | IRPJ 25%         | CSLL 9%          | Total              |                  |
| <b>Taxes losses:</b>  |                              |                  |                  |                    |                  |
| Taxes losses  | 330,170                      | 82,543           | -                | 82,543             | 110,195          |
| Negative social contribution                                    | 330,272                      | -                | 29,724           | 29,724             | 39,679           |
| <b>Temporary differences:</b>                                   |                              |                  |                  |                    |                  |
| Provisions for judicial demands and other temporary differences | 559,956                      | 139,989          | 50,396           | 190,385            | 65,616           |
| Exchange variation  | (37,933)                     | (9,483)          | (3,414)          | (12,897)           | (233,100)        |
| Goodwill  | (50,661)                     | (12,665)         | (4,559)          | (17,225)           | (35,194)         |
| Incorporation of CDC  | (3,100,229)                  | (775,057)        | (279,021)        | (1,054,078)        | (194,547)        |
| Other provisions and other temporary differences                | (847,421)                    | (211,855)        | (76,268)         | (288,123)          | (194,547)        |
| <b>Total deferred taxes, net</b>                                |                              | <b>(786,528)</b> | <b>(283,142)</b> | <b>(1,069,671)</b> | <b>(247,351)</b> |

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### 18. Income taxes and social contribution – (cont)

| Assets   | 12.31.2011<br>Consolidated |             |           |             | 03.31.2011  |
|--|----------------------------|-------------|-----------|-------------|-------------|
|  | Base                       | IRPJ 25%    | CSLL 9%   | Total       |             |
| <b>Tax losses:</b>   |                            |             |           |             |             |
| Tax losses   | 1,960,006                  | 490,002     | -         | 490,002     | 273,555     |
| Negative social contribution                                   | 1,957,940                  | -           | 176,215   | 176,215     | 99,609      |
| <b>Temporary differences:</b>                                  |                            |             |           |             |             |
| Provision for judicial demands and other temporary differences | 1,299,982                  | 324,996     | 116,998   | 441,994     | 342,169     |
|  |                            | 814,998     | 293,213   | 1,108,211   | 715,333     |
| <b>Liabilities</b>   |                            |             |           |             |             |
| <b>Temporary differences:</b>                                  |                            |             |           |             |             |
| Exchange variation   | (117,402)                  | (29,351)    | (10,566)  | (39,917)    | (274,189)   |
| Depreciation   | (45,907)                   | (11,477)    | -         | (11,477)    | (4,596)     |
| Goodwill   | (546,553)                  | (136,638)   | (49,190)  | (185,828)   | (252,323)   |
| Other provisions and other temporary differences:              |                            |             |           |             |             |
| Business Combinations  |                            |             |           |             |             |
| Property, Plant and equipment                                  | (3,067,767)                | (766,942)   | (276,099) | (1,043,041) | (457,032)   |
| Intangible assets  | (1,183,198)                | (295,800)   | (106,487) | (402,287)   | (176,271)   |
| Other net assets   | 42,895                     | 10,724      | 3,860     | 14,584      | 6,390       |
| Gain of formation of Joint Venture                             | (3,296,959)                | (824,240)   | (296,726) | (1,120,966) | -           |
| Deemed cost  | (366,151)                  | (91,538)    | (32,953)  | (124,491)   | (124,490)   |
| Others   | (597,236)                  | (149,309)   | (53,751)  | (203,060)   | (228,454)   |
|  |                            | (2,294,571) | (821,912) | (3,116,483) | (1,510,965) |
| <b>Total deferred taxes, net</b>                               |                            | (1,479,573) | (528,699) | (2,008,272) | (795,632)   |

The assets of deferred income taxes should be realized within 10 years, according to the future profitability of the Company, its subsidiaries and joint-controlled entities.

Income tax losses carryforward and social contribution tax losses may be offset against a maximum of 30% of annual taxable income earned, with no statutory limitation period. Income tax losses carryforward and social contribution tax losses do not expire.

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### 19 . Provision for judicial demands

| Description | Parent Company |            | Consolidated |            |
|-------------|----------------|------------|--------------|------------|
|             | 12.31.2011     | 03.31.2011 | 12.31.2011   | 03.31.2011 |
| Tax         | 123,097        | 39,774     | 600,330      | 418,744    |
| Civil       | 38,055         | 10,485     | 177,634      | 82,599     |
| Labor       | 158,704        | 27,883     | 248,688      | 164,939    |
| Total       | 319,856        | 78,142     | 1,026,652    | 666,282    |

Changes in provision for judicial demands:

|                                     | Parent Company |               |                |                |
|-------------------------------------|----------------|---------------|----------------|----------------|
|                                     | Tax            | Civil         | Labor          | Total          |
| <b>Balance at March 31, 2011</b>    | 39,774         | 10,485        | 27,883         | 78,142         |
| Additions                           | 20,297         | 7,080         | 43,528         | 70,905         |
| Payments                            | (2,660)        | (1,926)       | (5,168)        | (9,754)        |
| Write off                           | (12,070)       | (2,134)       | (24,110)       | (38,314)       |
| Effect of Raízen formation          | 70,071         | 24,108        | 108,069        | 202,248        |
| Monetary variation                  | 7,685          | 442           | 8,502          | 16,629         |
| <b>Balance at december 31, 2011</b> | <b>123,097</b> | <b>38,055</b> | <b>158,704</b> | <b>319,856</b> |

|  | Consolidated   |                |                |                  |
|--|----------------|----------------|----------------|------------------|
|  | Tributária     | Cíveis         | Trabalhistas   | Total            |
| <b>Balance at March 31, 2011</b>               | 418,744        | 82,599         | 164,939        | 666,282          |
| Additions                                      | 44,297         | 33,967         | 64,396         | 142,660          |
| Pagamentos                                     | (3,249)        | (7,196)        | (6,889)        | (17,334)         |
| Write off                                      | (933)          | (20,477)       | (38,472)       | (59,882)         |
| Reclassification                               | -              | (11,678)       | 28,558         | 16,880           |
| Effect of proportional consolidation of Raízen | 118,824        | 91,020         | 22,768         | 232,612          |
| Monetary variation                             | 22,647         | 9,399          | 13,388         | 45,434           |
| <b>Balance at December 31, 2011</b>            | <b>600,330</b> | <b>177,634</b> | <b>248,688</b> | <b>1,026,652</b> |

The existing judicial demands and contingencies until the formation of the joint venture will be under the responsibility of their shareholders (Cosan and Shell). Any disbursement incurred by the jointly-controlled subsidiaries will be subject to refund.

The judicial demands and contingencies which may take place after the date of the formation of the joint ventures will be under the responsibility of the jointly-controlled subsidiaries.

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### Judicial demands deemed as probable loss

#### a) Tax

The major tax legal proceeding as of December 31, 2011 and March 31, 2011 are described as follows:

|                                  | Parent Company |               | Consolidated   |                |
|----------------------------------|----------------|---------------|----------------|----------------|
|                                  | 12.31.2011     | 03.31.2011    | 12.31.2011     | 03.31.2011     |
| IPC – 89 (i)                     | -              | -             | 81,717         | 80,273         |
| Compensation with finsocial (ii) | -              | -             | -              | 192,772        |
| CIDE (iii)                       | -              | -             | 93,842         | -              |
| ICMS credits (iv)                | 43,039         | 44,823        | 7,205          | 69,185         |
| PIS and COFINS                   | 8,163          | -             | 25,855         | -              |
| IPI                              | 9,059          | -             | 15,879         | -              |
| IRPJ and CSLL                    | 1,005          | -             | 5,103          | -              |
| Others                           | 60,047         | 32,569        | 115,977        | 97,885         |
|                                  | <u>123,097</u> | <u>39,774</u> | <u>600,330</u> | <u>418,744</u> |

(i) Since 1993, the subsidiary Cosan Lubrificantes e Especialidades (“Cosan CLE”) filed a suit to challenge the balance sheet restatement index (IPC) established by the federal government in 1989, considering the such index did not reflect the actual inflation back then. The use of this index led the Company to supposedly overstate and overpay the income and social contribution taxes. Cosan CLE obtained a favorable preliminary court ruling that allowed it to recalculate the financial position, using indexes that accurately measured the inflation over the period. In doing so the company adjusted the amounts of income and social contribution taxes payable and identified that overpayments for both taxes were offset in subsequent years until 1997. 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. Due to this contingent scenario involving those compensations, these amounts were recorded as a provision for judicial demands. These amounts have been updated according to the SELIC variation.

(ii) From September to March 1994, the subsidiary Cosan CLE did the compensation of COFINS and other taxes with the FINSOCIAL previous paid from that period, based on a favorable court ruling which were discussed the constitutionality of FINSOCIAL.

### Judicial demands deemed as probable loss

In 1995, Cosan CLE was declared exempt from COFINS levies. Thus, Cosan CLE understood that the compensations done between COFINS and FINSOCIAL did not occur and, in 2003, based on a favorable final court decision to the Company related to FINSOCIAL, the Company concluded that the credits of these taxes compensated with COFINS were once again available to compensate with another

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taxes. Due to this contingent scenario of this compensation, Cosan CLE maintained all the amount compensated recorded as a provision for judicial demands until the Federal Revenue Service ratify this compensation.

In 2008 the Federal Revenue Service dismissed this aforementioned compensation, under the allegation that Cosan CLE had already utilized these credits to compensate with COFINS in 1994. In view of this understanding, the management decided to challenge the administrative decisions, which is pending judgement at the Taxpayers' Council. The amount of the provision for judicial demands recorded has been updated according to the SELIC variation.

(iii) The jointly-controlled subsidiary Raízen Combustíveis, while named Shell Brasil Limitada, made provisions of CIDE over services provided by operations not contributed in the process of formation of joint ventures. If the jointly-controlled subsidiary is not successful in the litigation, the shareholder Shell will reimburse the jointly-controlled subsidiary. The reimbursement which the jointly-controlled subsidiary Raízen Combustíveis is entitled to receive from Shell Group is recorded as a accounts receivable in related parties.

(iv) The amount accrued related to ICMS credits is represented by: (a) notices of violations received, despite the fact that we are defending our position in an administrative or judicial sphere, our legal advisors believe that the chance of loss are probable; (b) use of credit and financial charges on issues whose understanding of the management of the Company and their tax advisors differs from the interpretations of the tax authorities.

### b) Civil and labour

The Company, its subsidiaries and jointly-controlled subsidiaries are parties to a number of civil claims related to (i) indemnity for physical and moral damages; (ii) public civil claims related to sugarcane stubble burning; and (iii) environmental matters.

#### Judicial demands deemed as probable loss

The Company, its subsidiaries and jointly-controlled subsidiaries are also parties to a number of labor claims filed by former employees and service providers challenging, among other factors, the payment of additional hours, night shift premium and risk premium, employment inclusion, reimbursement of discounts from payroll, such as social contribution, trade union charges, among others.

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### Judicial demands deemed as possible loss

#### a) Tax claims

The main tax claims for which the unfavorable outcome is deemed possible and, therefore, no provision for legal claims was recorded, are as follows:

|   | Parent Company   |                | Consolidated     |                  |
|---|------------------|----------------|------------------|------------------|
|   | 12.31.2011       | 03.31.2011     | 12.31.2011       | 03.31.2011       |
| Tax assessment - Withholding income taxes (i)   | 203,589          | 192,903        | 203,589          | 194,498          |
| ICMS - State VAT (ii)                           | 740,387          | 116,865        | 1,373,853        | 490,896          |
| IRPJ / CSSL                                     | -                | 185,616        | -                | -                |
| ICMS Tax Replacement (ii)                       | -                | -              | 51,357           | -                |
| IPI - Federal VAT (iii)                         | 278,640          | 10,944         | 338,249          | 270,817          |
| Compensation with IPI – IN 67/98 (iv)           | 188,189          | -              | 188,189          | 181,292          |
| Contribution to IAA - sugar & ethanol institute | 2,626            | -              | 2,626            | -                |
| INSS - Social security contribution (v)         | 69,659           | 58,606         | 70,451           | 72,616           |
| PIs and Cofins (vi)                             | 221,720          | 20,425         | 528,914          | 163,129          |
| Others  | 338,139          | 59,991         | 354,598          | 197,884          |
|   | <u>2,042,949</u> | <u>459,734</u> | <u>3,297,442</u> | <u>1,571,132</u> |

#### (i) Tax assessment – withholding income tax

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. This tax assessment originated administrative demand, which loss probability is considered possible in the opinion of legal advisors of the Company and, therefore, no provision for legal claims was recorded.

Refers mainly to (i) Tax Assessment filed in view of the alleged lack of payment of ICMS and non-compliance with accessory obligation, in connection with the partnership and manufacturing upon demand, with Central Paulista Açúcar e Alcool Ltda., between May to December 2006 and May to December 2007; and (ii) ICMS levied on the remittances of crystallized sugar for export purposes. In accordance with the tax agent, such product is classified as semi-finished product and that, in accordance with the ICMS regulation, would be subject to taxation, (iii) ICMS levied on possible differences in terms of sugar and alcohol inventories, arising from magnetic tax files and Inventory Registry Books and (iv) ICMS concerning rate difference due to ethanol sales to companies located in other states, which, subsequently, had their registrations revoked and (v) disallowance of credit resulting from the acquisition of diesel used in the production process.

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### iii) IPI – Federal VAT

SRF Normative Instruction n° 67/98 approved the procedure adopted by the industrial establishments which performed remittances without registries and payment of the IPI rate, in regard to transfers of sugarcane carried out between July 6, 1995 and November 16, 1997 and refined sugar between January 14, 1992 and November 16, 1997. Such rule was considered in proceedings filed by the Federal Revenue Secretariat against the Company, the unfavorable outcome of which is deemed as possible, in accordance with the opinion of the Company's legal advisors.

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

SRF Normative Instruction No. 67/98 made it possible to obtain refund of IPI tax payments for sales of refined sugar from January 14, 1992 through November 16, 1997. In view of this rule, the Company applied for offsetting amounts paid during the relevant periods against other tax liabilities. However, the Federal Revenue Service denied its application for both reimbursement and offsetting of such amounts. The Company 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, the Company 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 court. A liminar foi deferida pelo juízo competente. The legal advisor of the Company, who sponsor this demand, considered the loss probability of this demand as possible.

### (v) INSS - Social Security Contribution

Refers mainly to tax assessment received and defended by the legal counsel, concerning social security contribution on: (i) stock option plan and (ii) export sales and (iii) resale of materials for companies under common control and suppliers.

### (vi) PIS e COFINS

Refers mainly to the reversal of PIS and COFINS credits, provided by Laws 10.637/2002 and 10.833/2003, respectively. Those reversals arise from a differing interpretation of the laws by the Internal Revenue Service in regard to raw materials. Such discussions are still at the administrative level.



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The compensated and updated amount until December 31, 2011 is R\$184,439 (R\$182,624 as of March 31, 2011). In addition, the Company has the same litigation with the Internal Revenue Service, which the compensated and updated amount totaled R\$12,479 until December 31, 2011 (R\$12,360 as of March 31, 2011). This demand is supported by the legal advisors and the Company considers that there is no need to accrue any provision for this aforementioned demand.

During December 2011, the Company received a tax assessment notice amounting R\$ 400,318, filed by the Federal Authorities in Brazil related to income tax and social contribution related to calendar years 2006 to 2009, questioning: (i) the deductibility of amortization of certain goodwills (ii) compensation of tax losses and social contribution and (iii) differences income taxes due to certain properties revaluation. The Administration presented its legal defense in January 2012 and, together with its legal counsels, are evaluating the probability of success in its legal defense.

### b) Civil and labor

The main civil and labor claims for which the unfavorable outcome is deemed possible and, therefore, no provision for legal claims was recorded, are as follows::

|        | Parent Company |                | Consolidated     |                |
|--------|----------------|----------------|------------------|----------------|
|        | 12.31.2011     | 03.31.2011     | 12.31.2011       | 03.31.2011     |
| Civil  | 301,045        | 59,036         | 795,351          | 377,608        |
| Labour | 358,495        | 60,770         | 1,093,762        | 302,289        |
|        | <u>659,540</u> | <u>119,806</u> | <u>1,889,113</u> | <u>679,897</u> |

### Paulínia Civil Action

The Labor public prosecution office of the 15th Region (Campinas) and two non-governmental organizations filed a public civil action (ACP) against Shell Brazil Ltda ("Shell Brazil") today the jointly controlled subsidiary Raizen Combustíveis, in March 2007. The applications are based on, at the preliminary injunction, (i) lifelong health care for all former employees of the Paulínia plant and their families and as a definite application, (i) confirmation of the application, in case it has not been granted as writ of prevention (ii) collective moral damages worth of R\$622,200 and (iii) failure to explore economic activity in that region due to environmental degradation caused by chemical contamination of soil and water. The parties attempted to negotiate an agreement between 2007 and 2009 and during this period the lawsuit was suspended.

#### Judicial demands deemed as probable loss

On August 19, 2010, the ruling was published, which granted the former employees of the claim, Shell, the payment of R\$20 per year of service or fraction greater than six months, as individual moral damages, plus a consistent compensation for material damages for the cost of medical treatment to each former employee and their dependents, and also R\$ 64.5 to each former employee and each dependent as a compulsory substitute indemnification of affirmative covenant, which refers to

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the period between the filing of action until September 30, 2010, as well as collective moral damages, which was be revised from R\$ 622,200 to R\$762,000.

Finally, the judge ruled that the total amount the cause was R\$1,100,000. In August, Shell Brazil filed an ordinary appeal.

On April 8, 2011 the decision of the Regional Labor Court - TRT was published, which did not grant the ordinary appeals lodged by Shell and BASF and fully maintained the convictions set as published on August 19, 2010. The two companies requested further clarification on the decision in order to submit applicable appeals to the Superior Labor Court - TST."

The Shell Group believes that, on a possible ultimate conviction, the amount set by the decision will be significantly lower than those decided by the TST.

It is import to mention that, according to a agreement entered into at the establishment of the joint venture, any convictions in litigation arising from events prior to the establishment of the joint venture, are the sole responsibility of the jointly controlling shareholders, in this case, the Shell Group.

## 20. Equity

### a) Common stock

The authorized common stock may be increased up to the limit of R\$5,000,000, with no need of an amendment to the Company's Bylaws, upon a decision of the Board of Directors, who has the competence to fix the number of shares to be issued, the price of issuance and other conditions of subscription of the shares inside the authorized common stock.

As of December 31, 2011 and March 31, 2011, the Company's capital is represented by 407,214,353 common shares, with no par value. The Company has 2,907,039 treasury shares as of December 31, 2011 (934,539 treasury shares as of March 31, 2011).

### b) Earnings per share

Earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated by adjusting average outstanding shares for the impact of conversion of all potentially dilutive options.

The table below reflects the income and share date used in the basic and diluted earnings per share calculation for the six-month periods ended December 31, 2011 and 2010 (in thousands of Reais, except values per share):

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### *Basic:*

|  | <u>12.31.2011</u> | <u>12.31.2010</u> |
|--|-------------------|-------------------|
| Numerator                                |                   |                   |
| Net Income for Cosan                     | 2,456,280         | 290,647           |
| Denominator:                             |                   |                   |
| Weighted average shares outstanding      | 405,502,092       | 406,489,423       |
| Denominator for basic earnings per share | 405,502,092       | 406,489,423       |
| Basic earnings per share                 | R\$ 6.06          | R\$ 0.72          |

### *Diluted:*

|  | <u>12.31.2011</u> | <u>12.31.2011</u> |
|--|-------------------|-------------------|
| Numerator                                  |                   |                   |
| Net Income for Cosan                       | 2,456,280         | 290,647           |
| Denominator                                |                   |                   |
| Weighted average shares outstanding        | 405,502,092       | 406,489,423       |
| Effect of stock options                    | <u>4,823,182</u>  | <u>325,751</u>    |
| Denominator for diluted earnings per share |                   |                   |
| Diluted earnings per share                 | R\$ 5.99          | R\$ 0.71          |

### c) Repurchase of shares

On November 22, 2010, the Board of Directors approved a stock repurchase plan for the purpose of maintenance in treasury, cancellation or disposal. The plan mention that the Company may repurchase maximum of 6.640,091 of common shares, with no par value, in a specific period of 365 days. On November 03, 2011, repurchase of shares program was extended on 365 days.

During the quarter ended December 31, 2011, the Company acquired 58,100 shares for R\$1,378,000, including expenses. The average unit stock value acquired during the period was R\$23.72.

On December 31, 2011, the Company has 2,907,039 treasury shares (934,539 treasury shares as of March 31, 2011), which market value, that date, was R\$27.00 (R\$25.40 as of March 31, 2011).

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### 21. Result of the formation of Joint Ventures (Raízen Energia e Raízen Combustíveis)

As mentioned in note 1, on July 1st, 2011, the Company concluded, together with Royal Dutch Shell ("Shell"), the formation of two joint ventures: (1) Raízen Combustíveis, in the fuel distribution segment, and (ii) Raízen Energia, in the sugar and ethanol segment. The Company and Shell share the control of the two entities, each one has 50% of the economic control.

The formation of Raízen Energia and Raízen Combustíveis has the objective to create one of the world's largest producers of sugar, ethanol and bioenergy produced through sugarcane and one of the largest fuel distributors in the Brazilian market.

Due to the formation of Raízen Energia and Raízen Combustíveis, the Company contributed its sugar and ethanol businesses, disconsolidating the related assets and liabilities and recording the remaining interest at fair value.

The process of disconsolidating do the contributed business, on June 1<sup>st</sup>, 2011, and the recognition of the new interest at fair value produced a gain of R\$3.296,959 recorded during the period and shown below:

|  |                 |
|--|-----------------|
| Fair value of the remaining interest in the joint ventures (a)               | 8,059,870       |
| Book value of the contributed businesses (assets and liabilities)            | (4,207,173)     |
| Gain on the formation of joint ventures                                      | 3,852,697       |
| Other effects:   |                 |
| Write-off of recoverable taxes not realizable (b)                            | (83,465)        |
| Write-off of goodwill not contributed  | (193,633)       |
| Write-off of other comprehensive income related to hedge accounting          | (98,858)        |
| Accrual of provisions according to the joint venture's contract              | (80,000)        |
| Other expenses and write-off incurred during the formation of joint ventures | <u>(99,782)</u> |
| Net result on the formation of joint ventures                                | 3,296,959       |

(a) According to the appraisal report prepared by independent appraisers.

(b) Recoverable taxes registered by the Parent Compan, considered not realizable, and which, if received will be reimbursed to Raízen Energia.

Considering that Cosan chose to consolidate proportionally the joint ventures, the fair value of the remaining interest was allocated to the 50% proportion of the fair value of the assets and liabilities of these entities with the purpose to determine the goodwill of the transaction, as show below:

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### 21. Result of the formation of Joint Ventures (Raízen Energia e Raízen Combustíveis) – cont.

|   | Raízen<br>Energia | Raízen<br>Combustíveis | Total             |
|---|-------------------|------------------------|-------------------|
| <b>Fair value of assets and liabilities (a):</b>                  |                   |                        |                   |
| Cash and cash equivalents   | 391,663           | 51,636                 | 443,299           |
| Restricted cash   | 28,449            | -                      | 28,449            |
| Accounts receivable   | 397,748           | 1,104,447              | 1,502,195         |
| Derivatives   | 114,204           | -                      | 114,204           |
| Inventories   | 750,611           | 864,227                | 1,614,838         |
| Payment of capital receivable                                     | 1,853,969         | -                      | 1,853,969         |
| Other assets  | 3,262,974         | 2,481,382              | 5,744,356         |
| Investments   | 133,186           | -                      | 133,186           |
| Biological assets   | 1,607,170         | -                      | 1,607,170         |
| Property, plant and equipment                                     | 9,354,332         | 2,900,404              | 12,254,736        |
| Intangible assets   | 183,588           | 1,740,215              | 1,923,803         |
| Loans and financing   | (5,579,217)       | (929,471)              | (6,508,688)       |
| Suppliers   | (488,209)         | (452,384)              | (940,593)         |
| Taxes payable   | (889,575)         | (10,384)               | (899,959)         |
| Other liabilities   | (3,614,147)       | (3,390,876)            | (7,005,023)       |
| Non controlling interests   | (133,569)         | (35,527)               | (169,096)         |
| <b>Net assets at fair value (a):</b>                              | <b>7,373,177</b>  | <b>4,323,669</b>       | <b>11,696,846</b> |
| Cosan's interest - 50%  | 3,686,589         | 2,161,835              | 5,848,423         |
| Goodwill allocated (a)  | 1,580,670         | 631,383                | 2,212,054         |
| <b>Fair value of the remaining interest in the joint ventures</b> | <b>5,267,258</b>  | <b>2,793,218</b>       | <b>8,060,476</b>  |

(a) Preliminary values.

The preliminary goodwill of the transaction (R\$2,212,054) was allocated to the segments Raízen Energia and Raízen Combustíveis in the proportion of net assets at fair value of each of these investments.

(\* ) The result from the formation of Raizen occurred only and exclusively due to the adoption of the new accounting rules from IFRS/ CPCs. Therefore, the net effect arising from the revaluation of the contributed net assets to the JV is not been considered as taxable until them are effectively realized.

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### 22. Gross sales

|   | Parent Company              |                               |                             |                               |
|---|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
|   | Oct 1 to<br>Dec, 31<br>2011 | April 1 to<br>Dec 31,<br>2011 | Oct 1 to<br>Dec, 31<br>2010 | April 1 to<br>Dec 31,<br>2010 |
| Gross revenue from Sales of products and services | 1,276                       | 1,340                         | 545,249                     | 1,765,190                     |
| Indirect taxes and deductions                     | (46)                        | (46)                          | (38,369)                    | (106,156)                     |
| Net revenue                                       | <u>1,230</u>                | <u>1,294</u>                  | <u>506,880</u>              | <u>1,659,034</u>              |

|   | Consolidated                |                               |                             |                               |
|---|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
|   | Oct 1 to<br>Dec, 31<br>2011 | April 1 to<br>Dec 31,<br>2011 | Oct 1 to<br>Dec, 31<br>2010 | April 1 to<br>Dec 31,<br>2010 |
| Gross revenue from Sales of products and services | 6,819,563                   | 19,718,413                    | 5,192,925                   | 14,762,052                    |
| Indirect taxes and deductions                     | (508,881)                   | (1,415,468)                   | (454,492)                   | (1,307,910)                   |
| Net revenue                                       | <u>6,310,682</u>            | <u>18,302,945</u>             | <u>4,738,433</u>            | <u>13,454,142</u>             |

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### 23. Financial results, net

|   | Consolidated              |                          |                          |                          |
|---|---------------------------|--------------------------|--------------------------|--------------------------|
|   | 07.01.11 to<br>09.30.2011 | 04.01.11 a<br>09.30.2011 | 07.01.10 a<br>09.30.2010 | 04.01.10 a<br>09.30.2010 |
| <b>Financial expenses</b>                   |                           |                          |                          |                          |
| Interest                                    | (118,163)                 | (459,909)                | (149,261)                | (428,862)                |
| Monetary variation                          | (3,711)                   | (15,076)                 | (25,756)                 | (58,642)                 |
| Bank charges                                | (3,356)                   | (8,217)                  | (2,307)                  | (3,714)                  |
|   | <u>(125,230)</u>          | <u>(483,202)</u>         | <u>(177,324)</u>         | <u>(491,218)</u>         |
| <b>Financial income</b>                     |                           |                          |                          |                          |
| Interest                                    | 22,036                    | 103,394                  | 15,253                   | 54,251                   |
| Monetary variation                          | 5,319                     | 3,864                    | 8,073                    | 23,421                   |
| Investment income                           | 28,000                    | 100,547                  | 22,186                   | 58,439                   |
| Others                                      | 78                        | 772                      | 104                      | 466                      |
|   | <u>55,433</u>             | <u>208,577</u>           | <u>45,616</u>            | <u>136,577</u>           |
| <b>Foreign exchange variation, net</b>      |                           |                          |                          |                          |
| Gain/Loss of foreign Exchange variation (1) | 7,291                     | (179,487)                | 59,324                   | 214,844                  |
|   | <u>7,291</u>              | <u>(179,487)</u>         | <u>59,324</u>            | <u>214,844</u>           |
| <b>Derivatives, net</b>                     |                           |                          |                          |                          |
| Commodities                                 | 6,093                     | 22,263                   | (31,768)                 | (35,568)                 |
| Commodities - Hedge Accounting              | 822                       | 14,246                   | 14,777                   | 41,894                   |
| Subscription Bonuses Radar                  | (13,729)                  | (34,102)                 |                          |                          |
| Others                                      | (136)                     | (136)                    | -                        | -                        |
|   | <u>(6,950)</u>            | <u>2,271</u>             | <u>(16,991)</u>          | <u>6,326</u>             |
|   | <u>(69,456)</u>           | <u>(451,841)</u>         | <u>(89,375)</u>          | <u>(133,471)</u>         |

- (1) Include gain (losses) of foreign exchange rate over assets and liabilities denominated in foreign currency; and
- (2) Include realized results and unrealized results on operations in future market, options, swaps and NDFs, in addition to effects from non-designated instruments and from the ineffective portion of hedge accounting.

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### **24. Financial instruments**

#### *Financial risk management*

##### a) Overview

The Company, its subsidiaries and jointly-controlled subsidiaries are exposed to the following risk related to the use of financial instruments:

- price risk
- foreign exchange rates
- interest rates
- credit risk
- liquidity risk

This note presents information about the Company, its subsidiaries and jointly-controlled subsidiaries exposure for which risk above, the object of the Company's risk management policies, the policies and processes for measurement, risk management and capital management.

##### b) Risk exposure

The Company, its subsidiaries and jointly-controlled subsidiaries are exposed to market risks. The main market risks are: (i) volatility of sugar and ethanol prices and, (ii) volatility of foreign exchange rates. Management analyzes these risks and uses financial instruments to hedge a portion of the risk exposure.

On December 31, 2011 and March 31, 2011, fair values related to transactions involving derivative financial instruments with the purpose of hedge or other purposes were measured at market value (fair value) by observables factors such as quoted prices in active markets or discounted cash flows based on market curves and are presented below:



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### 24. Financial instruments - cont

|   | Notional            |               | Fair Value          |                  | Result (*)    |
|---|---------------------|---------------|---------------------|------------------|---------------|
|   | December 31<br>2011 | March 31 2011 | December 31<br>2011 | March 31 2011    |               |
| <b>Raízen Energia</b>                                     |                     |               |                     |                  |               |
| Price risk  |                     |               |                     |                  |               |
| Commodity Derivatives                                     |                     |               |                     |                  |               |
| Futures Contracts   | 863,269             | -             | 94,089              | -                | 53,450        |
| Options   | 9,378               | -             | 2,834               | -                | (10,983)      |
|   |                     |               | <u>96,924</u>       | <u>-</u>         | <u>42,467</u> |
| Exchange rate risk  |                     |               |                     |                  |               |
| Exchange rate derivatives                                 |                     |               |                     |                  |               |
| Futures Contracts   | 704,069             | -             | 3,563               | -                | 17,246        |
| Forward contract:   | 349,765             | -             | (12,001)            | -                | 6,926         |
| Exchange lock   | 256,381             | -             | (9,194)             | -                | (20,605)      |
|   |                     |               | <u>(17,632)</u>     | <u>-</u>         | <u>3,567</u>  |
| Total Raízen Energia                                      |                     |               | <u>79,292</u>       | <u>-</u>         | <u>46,034</u> |
| Consolidated Cosan (50% Raízen Energia)                   |                     |               | <u>39,646</u>       | <u>-</u>         | <u>23,017</u> |
| <b>Derivatives of the Parent Company and subsidiaries</b> |                     |               |                     |                  |               |
| Price risk  |                     |               |                     |                  |               |
| Commodity Derivatives                                     |                     |               |                     |                  |               |
| Futures Contracts   |                     | 1,308,033     | -                   | (68,906)         | -             |
| Options:  |                     | 10,364        | -                   | (17,484)         | -             |
|   |                     |               | <u>-</u>            | <u>(86,390)</u>  | <u>-</u>      |
| Exchange rate risk  |                     |               |                     |                  |               |
| Exchange rate derivatives                                 |                     |               |                     |                  |               |
| Futures Contracts   |                     | (114,204)     | -                   | (117)            | -             |
| Exchange lock   | (18,561)            |               | (355)               |                  | (355)         |
| Forward contract:   | (343,453)           | 694,599       | 4,641               | 9,900            | 5,952         |
|   |                     |               | <u>4,286</u>        | <u>9,783</u>     | <u>5,597</u>  |
| Total Cosan (Including 50% Raízen Energia)                |                     |               | <u>43,932</u>       | <u>(76,607)</u>  | <u>28,614</u> |
| Total Assets  |                     |               | <u>59,586</u>       | <u>55,682</u>    |               |
| Total Liabilities   |                     |               | <u>(15,654)</u>     | <u>(132,289)</u> |               |

(\*) Results incurred during the nine-month period ended December 31, 2011, only for the outstanding derivatives on that date.

#### c) Price risk

This arises from the potential for fluctuations in the market prices of products sold by the Company, mainly raw material sugar - VHP (sugar #11) and white sugar (LIFFE sugar #5). These fluctuations in prices can cause substantial changes in the revenues of the Company. To mitigate these risks, the Company constantly monitors the markets, seeking to anticipate changes in prices. The positions of the consolidated derivative financial instruments to hedge the price risk of commodities are shown in the table below:

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### 24. Financial instruments - cont

| Price risk: Outstanding commodities derivatives on December 31, 2011  |              |        |           |           |                     |            |               |               |                    |                  |                |
|---|--------------|--------|-----------|-----------|---------------------|------------|---------------|---------------|--------------------|------------------|----------------|
| Derivatives   | Long / Short | Market | Agreement | Maturity  | Number of contracts | Strike     | Average Price | Fair value    | Ncional            | Ncional          | Fair value     |
| <b>Derivatives financial instruments contracted by Raizen Energia</b> |              |        |           |           |                     |            |               |               |                    |                  |                |
| Future  | Short        | NYBOT  | Sugar#11  | 01/Mar/12 | 7,101               | -          | ¢/lb 25.92    | ¢/lb 23.30    | 360,748 T          | 17,264           | 39,116         |
| Future  | Short        | NYBOT  | Sugar#11  | 01/Mai/12 | 1,025               | -          | ¢/lb 26.42    | ¢/lb 22.95    | 52,072 T           | 56,896           | 7,475          |
| Future  | Short        | NYBOT  | Sugar#11  | 01/Jul/12 | 6,663               | -          | ¢/lb 24.84    | ¢/lb 22.56    | 338,496 T          | 347,741          | 31,940         |
| Future  | Short        | NYBOT  | Sugar#11  | 01/Out/12 | 8,671               | -          | ¢/lb 24.16    | ¢/lb 22.83    | 440,508 T          | 440,198          | 24,307         |
| Future  | Short        | NYBOT  | Sugar#11  | 01/Jul/13 | 4                   | -          | ¢/lb 23.39    | ¢/lb 22.94    | 203 T              | 197              | 4              |
| Future  | Short        | NYBOT  | Sugar#5   | 01/Mar/12 | 110                 | -          | US\$/T 603.19 | US\$/T 602.00 | 5,500 T            | 139,396          | 12             |
| <b>Sub-total of Futures of Sugar Sold</b>                             |              |        |           |           |                     |            |               |               | <b>1,197,528 T</b> | <b>1,001,692</b> | <b>102,855</b> |
| Future  | Long         | NYBOT  | Sugar#11  | 01/Mar/12 | 2,225               | -          | ¢/lb 24.97    | ¢/lb 23.30    | (113,035 T)        | (116,735)        | (7,819)        |
| Future  | Long         | NYBOT  | Sugar#11  | 01/Mai/12 | 202                 | -          | ¢/lb 24.68    | ¢/lb 22.95    | (10,262 T)         | (10,475)         | (736)          |
| Future  | Long         | NYBOT  | Sugar#11  | 01/Jul/12 | 118                 | -          | ¢/lb 23.50    | ¢/lb 22.56    | (5,995 T)          | (5,825)          | (232)          |
| Future  | Long         | NYBOT  | Sugar#11  | 01/Out/12 | 44                  | -          | ¢/lb 22.71    | ¢/lb 22.83    | (2,235 T)          | (2,100)          | 11             |
| Future  | Long         | NYBOT  | Sugar#11  | 01/Mar/13 | 12                  | -          | ¢/lb 22.94    | ¢/lb 23.36    | (610 T)            | (578)            | 11             |
| Future  | Long         | NYBOT  | Sugar#11  | 01/Jul/13 | 4                   | -          | ¢/lb 22.95    | ¢/lb 22.94    | (203 T)            | (193)            | (0)            |
| Future  | Long         | NYBOT  | Sugar#5   | 01/Mar/12 | 2                   | -          | US\$/T 599.00 | US\$/T 602.00 | (100 T)            | (2,517)          | 1              |
| <b>Sub-total of Futures of Sugar Purchased</b>                        |              |        |           |           |                     |            |               |               | <b>(132,440 T)</b> | <b>(138,423)</b> | <b>(8,766)</b> |
| <b>Sub-total of Futures of Sugar</b>                                  |              |        |           |           |                     |            |               |               | <b>1,065,087 T</b> | <b>863,269</b>   | <b>94,089</b>  |
| Call  | Long         | NYBOT  | Sugar#11  | 01/Jul/12 | 1,800               | ¢/lb 31.00 | ¢/lb 0.7221   | ¢/lb 0.2100   | (91,444 T)         | (2,731)          | 794            |
| <b>Sub-total of Call Purchased</b>                                    |              |        |           |           |                     |            |               |               | <b>(91,444 T)</b>  | <b>(2,731)</b>   | <b>794</b>     |
| Call  | Short        | NYBOT  | Sugar#11  | 01/Mai/12 | 545                 | ¢/lb 29.00 | ¢/lb 2.4739   | ¢/lb 0.2100   | 27,687 T           | 2,833            | (240)          |
| Call  | Short        | NYBOT  | Sugar#11  | 01/Jul/12 | 2,175               | ¢/lb 31.00 | ¢/lb 1.4218   | ¢/lb 0.2100   | 110,495 T          | 6,497            | (960)          |
| <b>Sub-total of Call Sold</b>   |              |        |           |           |                     |            |               |               | <b>138,183 T</b>   | <b>9,330</b>     | <b>(1,200)</b> |
| Put   | Long         | NYBOT  | Sugar#11  | 01/Mai/12 | 545                 | ¢/lb 25.00 | ¢/lb 2.4271   | ¢/lb 2.8300   | 27,687 T           | 2,779            | 3,240          |
| <b>Sub-total of Put Purchased</b>                                     |              |        |           |           |                     |            |               |               | <b>27,687 T</b>    | <b>2,779</b>     | <b>3,240</b>   |
| <b>Sub-total of Options of sugar</b>                                  |              |        |           |           |                     |            |               |               |                    | <b>9,378</b>     | <b>2,834</b>   |
| <b>Total Commodities</b>  |              |        |           |           |                     |            |               |               |                    | <b>872,647</b>   | <b>96,924</b>  |

#### d) Foreign Exchange risk

This arises from the possibility of fluctuations in the exchange rates of the foreign currencies used by the Company, its subsidiaries and jointly-controlled subsidiaries for the export revenues of products, imports, debt cash flow and other assets and liabilities denominated in a foreign currency. The Company, its subsidiaries and jointly-controlled subsidiaries use derivative transactions to manage the risks of cash flow coming from the export revenues denominated in U.S. dollars, net of other cash flows denominated in foreign currency. The table below demonstrates the consolidated positions outstanding on December 31, 2011 of derivatives used to hedge exchange rates:

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### 24. Financial instruments - cont

| Exchange risk: Outstanding derivatives on December 31, 2011           |              |            |                   |          |                     |        |                 |                 |                      |                    |                 |
|---|--------------|------------|-------------------|----------|---------------------|--------|-----------------|-----------------|----------------------|--------------------|-----------------|
| Derivatives   | Long / Short | Market     | Agreement         | Maturity | Number of contracts | Strike | Average Price   | Fair value      | Nocional             | Nocional           | Fair value      |
| <b>Derivatives financial instruments contracted by Raizen Energia</b> |              |            |                   |          |                     |        |                 |                 |                      |                    |                 |
| Future  | Short        | BMFBovespa | Commercial Dollar | 01/02/12 | 11,220              | -      | R\$ 1.849 /US\$ | R\$ 1.876 /US\$ | USD 561,000          | 1,037,224          | 110             |
| Future  | Short        | BMFBovespa | Commercial Dollar | 02/01/12 | 8,425               | -      | R\$ 1.877 /US\$ | R\$ 1.880 /US\$ | USD 421,250          | 790,644            | 3,520           |
| Future  | Short        | BMFBovespa | Commercial Dollar | 02/01/12 | 115                 | -      | R\$ 1.894 /US\$ | R\$ 1.880 /US\$ | USD 5,750            | 10,891             | 81              |
| <b>Sub-total of Futures Sold</b>                                      |              |            |                   |          |                     |        |                 |                 | <b>USD 988,000</b>   | <b>1,838,760</b>   | <b>3,710</b>    |
| Future  | Long         | BMFBovespa | Commercial Dollar | 01/02/12 | 12,150              | -      | R\$ 1.857 /US\$ | R\$ 1.876 /US\$ | USD (607,500)        | (1,128,097)        | (119)           |
| Future  | Long         | BMFBovespa | Commercial Dollar | 01/02/12 | 70                  | -      | R\$ 1.884 /US\$ | R\$ 1.876 /US\$ | USD (3,500)          | (6,594)            | (29)            |
| <b>Sub-total of Futures Purchased</b>                                 |              |            |                   |          |                     |        |                 |                 | <b>USD (611,000)</b> | <b>(1,134,691)</b> | <b>(148)</b>    |
| Term  | Short        | OTC/Cetip  | NDF               | 01/02/12 | 1                   | -      | R\$ 1.822 /US\$ | R\$ 1.876 /US\$ | USD 50,000           | 91,075             | (2,714)         |
| Term  | Short        | OTC/Cetip  | NDF               | 04/02/12 | 1                   | -      | R\$ 1.835 /US\$ | R\$ 1.902 /US\$ | USD 141,000          | 258,690            | (9,287)         |
| <b>Sub-total of Terms Sold</b>  |              |            |                   |          |                     |        |                 |                 | <b>USD 191,000</b>   | <b>349,765</b>     | <b>(12,001)</b> |
| Exchange lock   | Short        | OTC        | Exchange lock     | 07/02/12 | 1                   | -      | R\$ 1.927 /US\$ | R\$ 1.933 /US\$ | USD 50,000           | 96,358             | (944)           |
| Exchange lock   | Short        | OTC        | Exchange lock     | 09/06/12 | 1                   | -      | R\$ 1.802 /US\$ | R\$ 1.958 /US\$ | USD 20,000           | 36,044             | (3,256)         |
| Exchange lock   | Short        | OTC        | Exchange lock     | 09/13/12 | 1                   | -      | R\$ 1.860 /US\$ | R\$ 1.960 /US\$ | USD 40,250           | 74,881             | (4,509)         |
| Exchange lock   | Short        | OTC        | Exchange lock     | 09/24/12 | 1                   | -      | R\$ 1.964 /US\$ | R\$ 1.963 /US\$ | USD 25,000           | 49,098             | (486)           |
| <b>Total of exchange</b>  |              |            |                   |          |                     |        |                 |                 |                      | <b>256,381</b>     | <b>(9,194)</b>  |
|   |              |            |                   |          |                     |        |                 |                 |                      | <b>1,310,215</b>   | <b>(17,632)</b> |

| Exchange risk: Outstanding derivatives on December 31, 2011  |              |        |               |          |                     |                 |               |                 |           |               |              |
|--|--------------|--------|---------------|----------|---------------------|-----------------|---------------|-----------------|-----------|---------------|--------------|
| Derivatives  | Long / Short | Market | Agreement     | Maturity | Number of contracts | Strike          | Average Price | Fair value      | Nocional  | Nocional      | Fair value   |
| <b>Financial instruments contracted by the company and subsidiaries ( except the joint ventures)</b> |              |        |               |          |                     |                 |               |                 |           |               |              |
| Exchange lock  | Long         | OTC    | Exchange lock |          | 1                   | R\$ 1.878 /US\$ |               | R\$ 1.894 /US\$ | USD 5,000 | 9,389         | (60)         |
| Exchange lock  | Long         | OTC    | Exchange lock |          | 1                   | R\$ 1.834 /US\$ |               | R\$ 1.894 /US\$ | USD 5,000 | 9,171         | (295)        |
|  |              |        |               |          |                     |                 |               |                 |           | <b>18,560</b> | <b>(355)</b> |

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| Exchange risk: Outstanding derivatives on December 31, 2011   |              |        |           |          |                     |        |                 |                 |          |                |              |
|---|--------------|--------|-----------|----------|---------------------|--------|-----------------|-----------------|----------|----------------|--------------|
| Derivatives   | Long / Short | Market | Agreement | Maturity | Number of contracts | Strike | Average Price   | Fair value      | Notional | Notional       | Fair value   |
| <b>Financial instruments contracted by the company and subsidiaries ( except the joint ventures )</b> |              |        |           |          |                     |        |                 |                 |          | -              | (R\$ mil)    |
| <i>Composition of derivatives financial instruments not designated in hedge accounting</i>            |              |        |           |          |                     |        |                 |                 |          |                |              |
| Term  | Long         | OTC    | NDF       | 02/03/12 | 1                   |        | R\$ 1.857 /US\$ | R\$ 1.883 /US\$ | 6,188    | 11,489         | (158)        |
| Term  | Long         | OTC    | NDF       | 05/04/12 | 1                   |        | R\$ 1.894 /US\$ | R\$ 1.916 /US\$ | 6,188    | 11,722         | (133)        |
| Term  | Long         | OTC    | NDF       | 08/03/12 | 1                   |        | R\$ 1.936 /US\$ | R\$ 1.947 /US\$ | 6,188    | 11,978         | (69)         |
| Term  | Long         | OTC    | NDF       | 11/01/12 | 1                   |        | R\$ 1.978 /US\$ | R\$ 1.978 /US\$ | 6,188    | 12,239         | 3            |
| Term  | Long         | OTC    | NDF       | 02/04/13 | 1                   |        | R\$ 2.021 /US\$ | R\$ 2.003 /US\$ | 6,188    | 12,504         | 100          |
| Term  | Long         | OTC    | NDF       | 05/03/13 | 1                   |        | R\$ 2.059 /US\$ | R\$ 2.014 /US\$ | 6,188    | 12,739         | 254          |
| Term  | Long         | OTC    | NDF       | 08/02/13 | 1                   |        | R\$ 2.101 /US\$ | R\$ 2.025 /US\$ | 6,188    | 12,997         | 423          |
| Term  | Long         | OTC    | NDF       | 11/04/13 | 1                   |        | R\$ 2.142 /US\$ | R\$ 2.037 /US\$ | 6,188    | 13,256         | 589          |
| Term  | Long         | OTC    | NDF       | 02/04/14 | 1                   |        | R\$ 2.185 /US\$ | R\$ 2.048 /US\$ | 6,188    | 13,521         | 759          |
| Term  | Long         | OTC    | NDF       | 05/02/14 | 1                   |        | R\$ 2.221 /US\$ | R\$ 2.059 /US\$ | 6,188    | 13,743         | 892          |
| Term  | Long         | OTC    | NDF       | 08/04/14 | 1                   |        | R\$ 2.263 /US\$ | R\$ 2.071 /US\$ | 6,188    | 14,002         | 1,051        |
| Term  | Long         | OTC    | NDF       | 11/04/14 | 1                   |        | R\$ 2.305 /US\$ | R\$ 2.082 /US\$ | 6,188    | 14,261         | 1,209        |
| Term  | Long         | OTC    | NDF       | 02/04/15 | 1                   |        | R\$ 2.343 /US\$ | R\$ 2.093 /US\$ | 6,188    | 14,497         | 1,344        |
| Term  | Long         | OTC    | NDF       | 05/04/15 | 1                   |        | R\$ 2.380 /US\$ | R\$ 2.104 /US\$ | 6,188    | 14,726         | 1,474        |
| Term  | Long         | OTC    | NDF       | 08/04/15 | 1                   |        | R\$ 2.425 /US\$ | R\$ 2.116 /US\$ | 6,188    | 15,003         | 1,640        |
| Term  | Long         | OTC    | NDF       | 11/04/15 | 1                   |        | R\$ 2.465 /US\$ | R\$ 2.127 /US\$ | 6,188    | 15,254         | 1,781        |
| Term  | Long         | OTC    | NDF       | 02/03/12 | 1                   |        | R\$ 1.652 /US\$ | R\$ 1.883 /US\$ | 4,197    | 6,935          | (958)        |
| Term  | Long         | OTC    | NDF       | 05/04/12 | 1                   |        | R\$ 1.679 /US\$ | R\$ 1.916 /US\$ | 4,197    | 7,047          | (969)        |
| Term  | Long         | OTC    | NDF       | 08/03/12 | 1                   |        | R\$ 1.725 /US\$ | R\$ 1.947 /US\$ | 4,197    | 7,239          | (892)        |
| Term  | Long         | OTC    | NDF       | 11/01/12 | 1                   |        | R\$ 1.761 /US\$ | R\$ 1.978 /US\$ | 4,197    | 7,390          | (852)        |
| Term  | Long         | OTC    | NDF       | 02/04/13 | 1                   |        | R\$ 1.798 /US\$ | R\$ 2.003 /US\$ | 4,197    | 7,546          | (797)        |
| Term  | Long         | OTC    | NDF       | 05/03/13 | 1                   |        | R\$ 1.834 /US\$ | R\$ 2.014 /US\$ | 4,197    | 7,696          | (695)        |
| Term  | Long         | OTC    | NDF       | 08/02/13 | 1                   |        | R\$ 1.872 /US\$ | R\$ 2.025 /US\$ | 4,197    | 7,859          | (585)        |
| Term  | Long         | OTC    | NDF       | 11/04/13 | 1                   |        | R\$ 1.914 /US\$ | R\$ 2.037 /US\$ | 4,197    | 8,032          | (467)        |
| Term  | Long         | OTC    | NDF       | 02/04/14 | 1                   |        | R\$ 1.951 /US\$ | R\$ 2.048 /US\$ | 4,197    | 8,190          | (365)        |
| Term  | Long         | OTC    | NDF       | 05/02/14 | 1                   |        | R\$ 1.987 /US\$ | R\$ 2.059 /US\$ | 4,197    | 8,340          | (269)        |
| Term  | Long         | OTC    | NDF       | 08/04/14 | 1                   |        | R\$ 2.027 /US\$ | R\$ 2.071 /US\$ | 4,197    | 8,507          | (163)        |
| Term  | Long         | OTC    | NDF       | 11/04/14 | 1                   |        | R\$ 2.065 /US\$ | R\$ 2.082 /US\$ | 4,197    | 8,666          | (63)         |
| Term  | Long         | OTC    | NDF       | 02/04/15 | 1                   |        | R\$ 2.100 /US\$ | R\$ 2.093 /US\$ | 4,197    | 8,813          | 23           |
| Term  | Long         | OTC    | NDF       | 05/04/15 | 1                   |        | R\$ 2.131 /US\$ | R\$ 2.104 /US\$ | 4,197    | 8,942          | 95           |
| Term  | Long         | OTC    | NDF       | 08/04/15 | 1                   |        | R\$ 2.166 /US\$ | R\$ 2.116 /US\$ | 4,197    | 9,089          | 180          |
| Term  | Long         | OTC    | NDF       | 11/04/15 | 1                   |        | R\$ 2.199 /US\$ | R\$ 2.127 /US\$ | 4,197    | 9,231          | 258          |
|   |              |        |           |          |                     |        |                 |                 |          | <b>343,453</b> | <b>4,641</b> |

## Cosan S.A. Indústria e Comércio

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### e) Effects of hedge accounting

The jointly-controlled subsidiary Raízen Energia formally designated its transactions subject to hedge accounting for cash flow hedges from sugar VHP (raw material) export revenue, documenting: (i) the relationship of the hedge, (ii) the Company's purpose for taking the hedge and its risk management strategy, (iii) identification of the financial instrument, (iv) the transaction or item covered, (v) the nature of the risk being hedged, (vi) a description of the hedging relationship (vii) the demonstration of correlation between the hedge and the object of coverage, and (viii) the prospective analysis of hedge effectiveness. The Company has designated derivative financial instruments of Sugar # 11 (NYBOT or OTC) to cover the risk of price and Non-Deliverable Forwards (NDF) to cover exchange rate risk, as demonstrated in topics (b) and (c) of this Note.

The jointly-controlled subsidiary records gains and losses deemed effective for purposes of hedge accounting to a specific account in equity ("other comprehensive income"), until the object of coverage (hedged item) affects the profit and loss. On December 31, 2011, the amounts recorded in other comprehensive income related to hedge accounting are as follows:

| Derivative                                | Market      | Risk | Expected period to affect P&L |               |                |
|---|-------------|------|-------------------------------|---------------|----------------|
|   |             |      | 2011/12                       | 2012/13       | Total          |
| Future                                    | OTC / NYBOT | #11  | (16,967)                      | 41,294        | <b>24,327</b>  |
| NDF                                       | OTC / CETIP | USD  | (3,405)                       | (4,547)       | <b>(7,952)</b> |
|   |             |      | 6,926                         | (12,494)      | <b>(5,568)</b> |
| (-) Deferred income tax                   |             |      |                               |               |                |
| <b>Effect on the shareholder's equity</b> |             |      | <b>(13,446)</b>               | <b>24,253</b> | <b>10,808</b>  |

The movement for the period of the effect of hedge accounting on other comprehensive income of Cosan S.A is shown below:

|   |                  |
|---|------------------|
| Balance at March 31, 2011:  | <b>(143,298)</b> |
| Gain/(losses) of cash flow hedges for the period:   |                  |
| Future contracts and swap commodities contract  | 32,758           |
| Currency forward contracts  | 26,014           |
| Reclassification adjustments for losses included in the income statement (Revenue of sales /financial result) | 16,734           |
| Effect of the disconsolidation and formation of the Joint Ventures  | 98,858           |
| Total before tax effect   | 174,363          |
| Tax effect on gain/(losses) of cash flow hedges for the period – 34%  | (59,284)         |
| Hedge accounting effect, net of tax   | 154,080          |
| Balance at December 31, 2011:   | <b>(28,218)</b>  |

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f) Interest rate risk

The Company monitors fluctuations of the interest rates related to certain loan contracts, mainly those with Libor interest rate risk, and in the event of increased volatility of such rates, it may engage in transactions with derivatives so as to minimize such risks. At December 31, 2011 and March 31, 2011, the Company has not presented interest rate risk derivatives outstanding.

g) Credit risk

A significant portion of sales made by the subsidiaries and jointly-controlled subsidiaries is to a select 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 including credit ratings and 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 covered by the allowance for doubtful accounts.

The Company buys and sells commodity derivatives in futures and options markets on the New York Board of Trade (NYBOT) and the London International Financial Futures and Options Exchange (LIFFE), as well as in the over-the-counter (OTC) market with selected counterparties. The Company and its jointly-controlled subsidiaries buy and sell foreign exchange derivatives on BM&FBovespa and OTC contracts registered with CETIP (OTC clearing house) with banks Banco Santander S.A., Espirito Santo Investment do Brasil S.A., Deutsche Bank S.A. – Banco Alemão, Banco JP Morgan S.A. and Banco Standard de Investimentos S.A..

**Guarantee margins** – The Company's derivative operations on commodity exchanges (NYBOT, LIFFE and BM&FBovespa) require an initial guarantee margin. The brokers with which the Company operates on these commodity exchanges offer credit limits for these margins.

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### h) Liquidity risk

Liquidity risk is the risk that the Company, its subsidiaries and jointly-controlled subsidiaries will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The approach of the Company's liquidity management is to ensure, as much as possible, which always has sufficient liquidity to meet its obligations to win, under normal and stress, without causing unacceptable losses or risk damaging the reputation of the Company.

### i) Debt acceleration risk

As of December 31, 2011, the Company, its subsidiaries and the jointly controlled subsidiaries, were party to loan and financing agreements in force, with restrictive covenants related to cash generation, debt to equity ratio and others. This restrictive clauses are being observed by the Company and do not restrain the capacity of the Company of normal course of its business.

### j) Fair value

The fair value of financial assets and liabilities is included in the price at which the instrument could be exchanged in a current transaction between parties willing to negotiate, and not in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair value.

Cash and cash equivalents, accounts receivable, accounts payable and other short-term obligations approximate their respective carrying values due largely to short-term maturity of these instruments.

The fair value of marketable securities and bonds is based on price quotations on the date of the financial statements. The fair value of non-negotiable instruments, bank loans and other debts, obligations under finance leases, as well as other non-current financial liabilities are estimated by the discounted future cash flows using rates currently available for debt or deadlines and similar instruments.

The fair market value of Senior Notes due 2014 and 2017, described in note 16, at its market price are 113.7% and 110% respectively, of its face value at December 31, 2011.

### Fair Value

The fair market value of Perpetual bonds, described in note 16, at its market price is 103,4%, respectively, of its face value at December 31, 2011.

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In respect of other loans and financing, their fair market values substantially approximate the amounts recorded in the financial statements due to the fact that these financial instruments are subject to variable interest rates.

The fair value of financial assets available for sale is obtained through quoted market prices in active markets, if any.

The Company, its subsidiaries and jointly-controlled subsidiaries enter into derivative financial instruments with various counterparties, primarily financial institutions with credit ratings of investment grade. The derivatives valued using valuation techniques with observable market data relate mainly to interest rate swaps, foreign exchange contracts and term contracts for commodities futures. The valuation techniques applied more often include pricing models for fixed-term contracts and swaps, with a present value calculations. The models incorporate various data, including credit quality of counterparties, the rates of currency spot and forward, interest rate curves and forward rate curves of the commodity underlying.

### Fair value hierarchy

The Company, its subsidiaries and jointly-controlled subsidiaries have the following hierarchy to determine and disclose the fair value of financial instruments by the technical evaluation:

- Level 1: quoted prices in a active market to identical assets and liabilities;
- Level 2: other techniques for which all data that have significant effect on the fair value recorded are observable, directly or indirectly;
- Level 3: techniques that use data that have significant effect on the fair value recorded that are not based on observable market data.

### j) Fair value

| Assets and Liabilities measured at fair value | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
|---|----------------|----------------|--------------|
| <b>December 31, 2011</b>                      |                |                |              |
| <i>Warrants Radar</i>                         | -              | 128,860        | 128,860      |
| Derivative financial assets                   | 54,945         | 4,641          | 59,586       |
| Derivative financial liabilities              | (5,056)        | (10,598)       | (15,654)     |
| <b>March 31, 2011</b>                         |                |                |              |
| <i>Warrants Radar</i>                         | -              | 162,961        | 162,961      |
| Derivative financial assets                   | 35,577         | 20,105         | 55,682       |
| Derivative financial liabilities              | (122,084)      | (10,205)       | (132,289)    |



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k) Sensitivity analysis

In accordance to CVM nº 475 issued on march 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 and its joint-controlled subsidiaries:

*Assumptions for sensitivity analysis*

For the analysis, the Company, its subsidiaries and jointly-controlled entities adopted three scenarios, being one probable and two that may have effects from impairment of the fair value of the financial instruments. The probable scenario was defined based on the futures sugar and US dollar market curves as of December 31, 2011, the same which determines the fair value of the derivatives at that date. Possible and remote scenarios were defined based on adverse impacts of 25% and 50% over the sugar and dollar price curves, which served as basis for the probable scenario.

*Sensitivity exhibit*

The sensivity exhibit is shown below, disclosing the changes in the fair value of the derivative financial instruments in the scenarios probable, possible and remote. The effects related to the jointly-controlled subsidiaries consider the impacts of the proportional consolidation.

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|                                  | Risk factors                        | Impacts on the result (*) |                         |                      |
|----------------------------------|-------------------------------------|---------------------------|-------------------------|----------------------|
|                                  |                                     | Probable scenario         | Possible scenario (25%) | Remote scenario(50%) |
| <b>Price risk</b>                |                                     |                           |                         |                      |
| <b>Commodity derivatives</b>     |                                     |                           |                         |                      |
| Futures agreements:              |                                     |                           |                         |                      |
| Sale Commitments                 | Increase in sugar price             | 102,855                   | (283,779)               | (567,558)            |
| Purchase Commitments             | Decrease in sugar price             | (8,766)                   | (31,813)                | (63,627)             |
| Options agreements:              |                                     |                           |                         |                      |
| Call options purchased           | Decrease in sugar price             | 794                       | (773)                   | (794)                |
| Call options sold                | Increase in sugar price             | (1,200)                   | (7,727)                 | (26,255)             |
| Put options purchased            | Increase in sugar price             | 3,240                     | (2,641)                 | (3,179)              |
| <b>Exchange rate risk</b>        |                                     |                           |                         |                      |
| <b>Exchange rate derivatives</b> |                                     |                           |                         |                      |
| Futures agreements:              |                                     |                           |                         |                      |
| Sale Commitments                 | R\$ / US exchange rate appreciation | 3,710                     | (463,776)               | (927,551)            |
| Sale Commitments                 | € / US exchange rate appreciation   |                           |                         |                      |
| Purchase Commitments             | R\$ / US exchange rate depreciation | (148)                     | (286,529)               | (75,500)             |
| Forward agreements:              |                                     |                           |                         |                      |
| Sale Commitments                 | R\$ / US exchange rate appreciation | (12,001)                  | (91,782)                | (181,200)            |
| Exchange lock:                   |                                     |                           |                         |                      |
| Sale Commitments                 | R\$ / US exchange rate appreciation | (9,194)                   | (63,826)                | (125,435)            |

(\*) Projected result to be occurred in the next 12 months from december 30, 2011

### I) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

## 25. Shared-based payments

In the ordinary and extraordinary general meeting held on July 29, 2011, the guidelines for the outlining and structuring of the stock option compensation plan for Cosan's officers and employees were approved, authorizing the issuance of up to 5% of shares comprising Cosan's total capital. This stock option plan was outlined to attract and retain officers and key employees, offering them the opportunity to become Cosan's shareholders. On August 18, 2011, Cosan's board of directors approved the total stock option grant corresponding up to 12,000,000 common shares to be issued or treasury shares held by Cosan's, corresponding 2.41% of the share capital at that time.

On the same date the eligible executives were informed of the all terms and conditions of the stock-option plan.

The strike price for every granted stock options was R\$22.80 per share without any discount. The fair value of options granted was estimated using the binomial model in compliance with the terms and conditions of each granted option. Exercise period form all grants range from 12 months starting from August 18, 2011 up to 120 months.

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The stock options were divided into “Tranche A” and “Tranche B”. The vesting period and procedures are described below.

Tranche A - After the vesting period, the beneficiary will be able to exercise 1/5 of the stock option granted. At the end of year one, a second batch, 1/5 of the stock options also can be exercised. Using the same criteria, the beneficiary can exercise all the option until August 19, 2016.

Tranche B - The second “tranche” follows the same criteria of “Tranche A”, however, the number of batches are divided in 10. Every year, one batch (1/10) can be exercised by the beneficiary. The last batch becomes available in August 19, 2021.

The options may be exercised with the issuance of new shares or treasury shares that the company may have.

As of August 18, 2011, 9,825,000 options related the shared based compensation was granted.

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

|   | Stock options<br>granted at<br>August 18, 2011<br><i>Tranche A</i> | Stock options<br>granted at<br>August 18, 2011<br><i>Tranche B</i> |
|---|--|--|
| Market Value at granted date – R\$              | 22.80  | 22.80  |
| Expected exercise (in years)                    | 1 to 5   | 1 to 10  |
| Interest rates                                  | 12.39%   | 12.39%   |
| Volatility                                      | 31.44%   | 30.32%   |
| Weighted average fair value at grant date – R\$ | 7.63   | 9.07   |

**Expected Term** – the deadline expected by the company for the exercise of stock option compensation was determined considering that the executives will exercise their options after the vesting period of each grant.

**Expected volatility** – Due to the new capital structure and business model after the formation of Raizen, the company opted to use the historic volatility of their shares adjusted by volatility of competitors' shares that present in similar lines of business.

**Expected dividends** – The dividends expected were calculated on the basis of the current market value on the grant's date, adjusted by the average rate of return of capital to shareholders during the forecast period, and compared with to the book value shares.

**Free risk Interest Rate** – the company considered the prime rate as the free risk interest rate traded at BM&F on the grant date and for the equivalent term of the option maturity.

On December 31, 2011, \$ 4,800 had been recognized as expense related of stock option compensation plan. The weighted average of the remaining stock option compensation plan as of December 31, 2011 is 2.3 years.

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### **26. Pension and other post-employment benefits plan**

#### a) Defined benefit

The subsidiary Cosan Lubricants e Especialidades S.A. sponsors Futura – a Complementary Pension Fund, formerly known as Previd Exxon – a private social security company, and the main purpose is to supplement benefits, within certain limits laid down in the by-laws, which all the employees of the sponsoring company and their respective beneficiaries are entitled to, as policy-holders/beneficiaries of social security. The supplementary pension plans offered to employees of Cosan CLE are a Defined Benefit Type. This plan was altered to allow its settlement and was approved by the relevant authority on May 5, 2011. Basically, the settlement is the process whereby the plan is closed to any new entrants, with the cessation of contributions, guaranteeing the participants a benefit that is in proportion to the rights they had accumulated in the plan up until March 31, 2011.

#### b) Defined contribution

Since June 1st, 2011, the Company and its subsidiaries start to sponsor the Retirement Plan Futura, managed by Futura II – a Complementary Pension Fund, which the main purpose is to generate long-term savings to complement retirement benefits. This plan is a Defined Contribution type and extends to all the employees of the companies that sponsor it. The contributions to this plan are defined in the regulations that have been duly approved by the relevant authority. During the period ended December 31, 2011, the amount of contributions totaled R\$ 4,548.

Since June 1st, 2011, the jointly-controlled subsidiaries started to sponsor the Retirement Plan Raiz Previd by Raiz Prev – a Complementary Pension Fund, which the main purpose is to generate long-term savings to complement retirement benefits. This plan is a Defined Contribution type and extends to all the employees of the companies that sponsor it. The contributions to this plan are defined in the regulations that have been duly approved by the relevant authority.

### **27. Segment information (consolidated)**

#### a) Segment information

The following information about segments is based upon information used by Cosan's senior management to assess the performance of operating segments and to decide on the allocation of resources.

Due to the formation of the Joint Ventures Raízen Energia and Raízen Combustíveis and the acquisition of the sugar retail business from Raízen, Cosan modified the disclosure of its segments and now disclosing five segments, as shown

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below. The comparative information related to the previous period were reclassified to be comparable with the current information.

The S&E segment is primarily engaged in the production and marketing of a variety of products derived from cane sugar, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse.

- (i) Raízen Energia: production and marketing of a variety of products derived from cane sugar, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment has interest in companies of research and development in new technologies involved in this segment.
- (ii) Raízen Combustíveis: distribution and marketing of fuels and lubricants, mainly through franchised network of service stations under the brand "Shell" and "Esso" throughout the national territory.
- (iii) Rumo: logistics services for the transport, storage and port lifting of sugar for both the S&E segment and third parties.
- (iv) Cosan Alimentos: sale of food, mainly, of sugar in the retail under the brands "União" and "Da Barra".
- (v) Cosan outros negócios: sale and distribution of lubricants, investments in agricultural land and other investments, in addition to the corporate structures of the activities of the Company.

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The following selected information result and segment assets that were measured in accordance with the accounting practices used in the preparation of consolidated information:

|  | 12.31.2011         |                         |                 |           |                       |                        |                              |              |
|--|--------------------|-------------------------|-----------------|-----------|-----------------------|------------------------|------------------------------|--------------|
|  | Raízen Energia (*) | Raízen Combustíveis (*) | Cosan Alimentos | Rumo      | Cosan outros negócios | Elimination 50% Raízen | Adjustments and eliminations | Consolidated |
| <b>Financial Statements:</b>   |                    |                         |                 |           |                       |                        |                              |              |
| Property, plant and equipment  | 9,169,362          | 2,767,715               | 37,624          | 1,131,838 | 705,689               | (5,968,539)            | (8,495)                      | 7,835,194    |
| Intangible assets  | 3,356,506          | 3,423,365               | 84,041          | 352,300   | 767,502               | (3,389,936)            | -                            | 4,593,778    |
| Loans and long term-debt net of cash and cash equivalents                  | (5,435,423)        | (626,589)               | 81,648          | (183,465) | (800,249)             | 3,031,006              | -                            | (3,933,072)  |
| Other assets and liabilities, net  | 3,332,404          | 215,473                 | 101,022         | (87,044)  | 9,453,312             | (1,773,938)            | (10,303,766)                 | 937,463      |
| Total assets (net of liabilities) allocated per segment                    | 10,422,849         | 5,779,964               | 304,335         | 1,213,629 | 10,126,254            | (8,101,407)            | (10,312,261)                 | 9,433,363    |
| Total Assets   | 20,725,323         | 11,308,905              | 494,899         | 2,081,692 | 16,117,101            | (16,017,114)           | (11,865,794)                 | 22,845,012   |
| <b>03.31.2011</b>  |                    |                         |                 |           |                       |                        |                              |              |
|  | Raízen Energia (*) | Raízen Combustíveis (*) | Cosan Alimentos | Rumo      | Cosan outros negócios | Elimination 50% Raízen | Adjustments and eliminations | Consolidated |
| <b>Financial Statements:</b>   |                    |                         |                 |           |                       |                        |                              |              |
| Property, plant and equipment  | 5,962,230          | 862,185                 | -               | 931,997   | 224,112               | -                      | -                            | 7,980,524    |
| Intangible assets  | 1,644,350          | 528,653                 | -               | 358,287   | 914,384               | -                      | -                            | 3,445,674    |
| Loans and long term-debt net of cash and cash equivalents                  | (4,723,833)        | (589,229)               | -               | (99,829)  | (524,334)             | -                      | -                            | (5,937,225)  |
| Other assets and liabilities, net  | (1,826,735)        | (238,736)               | -               | (173,826) | 6,655,159             | -                      | (3,120,489)                  | 1,295,373    |
| Total assets (net of liabilities) allocated per segment                    | 1,056,012          | 562,873                 | -               | 1,016,629 | 7,269,321             | -                      | (3,120,489)                  | 6,784,346    |
| Total Assets   | 8,567,722          | 1,777,299               | -               | 1,713,112 | 9,915,149             | -                      | (3,228,626)                  | 18,744,656   |
| <b>10.01.2011 to 12.31.2011</b>  |                    |                         |                 |           |                       |                        |                              |              |
|  | Raízen Energia (*) | Raízen Combustíveis (*) | Cosan Alimentos | Rumo      | Cosan outros negócios | Elimination 50% Raízen | Adjustments and eliminations | Consolidated |
| <b>Income statement (3 months):</b>  |                    |                         |                 |           |                       |                        |                              |              |
| Net Sales  | 1,751,353          | 10,083,212              | 240,028         | 143,060   | 263,547               | (5,917,283)            | (253,235)                    | 6,310,682    |
| Domestic Market  | 909,893            | 10,083,212              | 240,028         | 143,060   | 263,547               | (5,496,553)            | (253,235)                    | 5,889,952    |
| External market  | 841,460            | -                       | -               | -         | -                     | (420,730)              | -                            | 420,730      |
| Gross profit   | 375,546            | 552,369                 | 45,404          | 57,273    | 73,194                | (463,957)              | -                            | 639,719      |
| Selling, general and administrative expenses                               | (230,588)          | (375,412)               | (31,175)        | (9,231)   | (86,040)              | 303,000                | -                            | (429,446)    |
| Gain of formation of Joint Ventures  | -                  | -                       | -               | -         | -                     | -                      | -                            | -            |
| Other income (expenses)  | (7,550)            | 72,496                  | 57              | 2,717     | 2,850                 | (32,473)               | (8,496)                      | 29,601       |
| Financial result, net  | (28,465)           | 290                     | 312             | 6,606     | (62,287)              | 14,088                 | -                            | (69,416)     |
| Income tax and social contribution   | (34,423)           | (48,230)                | (5,162)         | (19,455)  | 2,135                 | 41,327                 | -                            | (63,838)     |
| Net income   | 71,920             | 198,649                 | 9,436           | 38,562    | 117,637               | (135,284)              | (207,163)                    | 93,141       |
| <b>Other selected data:</b>  |                    |                         |                 |           |                       |                        |                              |              |
| Additions to PP&E, intangible and biological assets (cash)                 | 671,350            | 181,135                 | 1,171           | 67,056    | 14,597                | (382,021)              | -                            | 453,188      |
| Depreciation and amortization (including biological assets noncash effect) | 364,516            | 98,164                  | 682             | 10,428    | 12,150                | (231,340)              | -                            | 254,540      |

# Cosan S.A. Indústria e Comércio

## Notes to quarterly financial information

December 31, 2011

(in thousands of Reais, unless otherwise stated)

|  | 04.01.2011 to 12.31.2011 |                         |                 |          |                       |                        |                              |              |
|--|--------------------------|-------------------------|-----------------|----------|-----------------------|------------------------|------------------------------|--------------|
|  | Raizen Energia (*)       | Raizen Combustíveis (*) | Cosan Alimentos | Rumo     | Cosan outros negócios | Elimination 50% Raizen | Adjustments and eliminations | Consolidated |
| Income Statement (9 months):   |                          |                         |                 |          |                       |                        |                              |              |
| Net Sales  | 6,054,449                | 25,114,068              | 507,193         | 497,724  | 794,581               | (14,118,211)           | (546,859)                    | 18,302,945   |
| Domestic Market  | 3,276,921                | 25,114,068              | 507,193         | 497,724  | 794,581               | (13,024,831)           | (546,859)                    | 16,618,797   |
| External market  | 2,777,528                | -                       | -               | -        | -                     | (1,093,380)            | -                            | 1,684,148    |
| Gross profit   | 1,232,794                | 1,286,301               | 112,453         | 181,035  | 254,732               | (1,077,585)            | -                            | 1,989,730    |
| Selling, general and administrative expenses                               | (751,242)                | (936,215)               | (67,122)        | (28,656) | (239,054)             | 728,200                | -                            | (1,294,089)  |
| Gain of formation of Joint Ventures  | -                        | -                       | -               | -        | 3,296,959             | -                      | -                            | 3,296,959    |
| Other income (expenses)  | (26,955)                 | 181,709                 | 76              | 9,313    | (17,925)              | (82,862)               | (8,496)                      | 54,860       |
| Financial result, net  | (326,597)                | (126,512)               | 1,902           | 18,447   | (291,951)             | 272,870                | -                            | (451,841)    |
| Income tax and social contribution   | (33,997)                 | (108,507)               | 9,906           | (60,182) | (905,714)             | (1,757)                | -                            | (1,100,251)  |
| Net income   | 83,792                   | 307,242                 | 57,215          | 119,843  | 2,525,191             | (97,863)               | (539,140)                    | 2,456,280    |
| <b>Other selected data:</b>  | -                        | -                       | -               | -        | -                     | -                      | -                            | -            |
| Additions to PP&E, intangible and biological assets (cash)                 | 1,729,478                | 295,572                 | 1,285           | 223,410  | 54,163                | (780,739)              | -                            | 1,523,169    |
| Depreciation and amortization (including biological assets noncash effect) | 1,291,990                | 267,012                 | 1,241           | 30,869   | 34,727                | (701,886)              | -                            | 923,953      |
|  | 10.01.2010 to 12.31.2010 |                         |                 |          |                       |                        |                              |              |
|  | Raizen Energia (*)       | Raizen Combustíveis (*) | Cosan Alimentos | Rumo     | Cosan outros negócios | Elimination 50% Raizen | Adjustments and eliminations | Consolidated |
| Income statement (3 months):   |                          |                         |                 |          |                       |                        |                              |              |
| Net Sales  | 1,683,032                | 2,875,886               | -               | 113,672  | 208,937               | -                      | (143,094)                    | 4,738,433    |
| Domestic Market  | 1,027,887                | 2,875,886               | -               | 113,672  | 208,937               | -                      | (143,094)                    | 4,083,288    |
| External market  | 655,145                  | -                       | -               | -        | -                     | -                      | -                            | 655,145      |
| Gross profit   | 336,113                  | 124,839                 | -               | 34,960   | 79,106                | -                      | 3,463                        | 578,478      |
| Selling, general and administrative expenses                               | (255,216)                | (88,792)                | -               | (5,787)  | (50,305)              | -                      | (4,200)                      | (404,300)    |
| Gain of formation of Joint Ventures  | -                        | -                       | -               | -        | -                     | -                      | -                            | -            |
| Other income (expenses)  | (7,509)                  | 3,470                   | -               | (339)    | 731                   | -                      | -                            | (3,647)      |
| Financial result, net  | (82,078)                 | (25,996)                | -               | 7,702    | 10,997                | -                      | -                            | (89,375)     |
| Income tax and social contribution   | (9,396)                  | (6,837)                 | -               | (12,507) | (13,530)              | -                      | -                            | (42,270)     |
| Net income   | (18,214)                 | 6,683                   | -               | 24,030   | 73,111                | -                      | (46,915)                     | 38,695       |
| <b>Other selected data:</b>  | -                        | -                       | -               | -        | -                     | -                      | -                            | -            |
| Additions to PP&E, intangible and biological assets (cash)                 | 535,135                  | 49,000                  | -               | 123,600  | -                     | -                      | -                            | 707,735      |
| Depreciation and amortization (including biological assets noncash effect) | 310,713                  | 32,559                  | -               | 8,876    | 8,710                 | -                      | -                            | 360,858      |

# Cosan S.A. Indústria e Comércio

## Notes to quarterly financial information

December 31, 2011

(in thousands of Reais, unless otherwise stated)

|  | 04.01.2010 to 12.31.2010 |                         |                 |          |                       |                        |                              |            |
|--|--------------------------|-------------------------|-----------------|----------|-----------------------|------------------------|------------------------------|------------|
|  | Raizen Energia (*)       | Raizen Combustíveis (*) | Cosan Alimentos | Rumo     | Cosan outros negócios | Elimination 50% Raizen | Adjustments and eliminations | Consolidat |
| Income statement (9 months):   |                          |                         |                 |          |                       |                        |                              |            |
| Net Sales  | 4,715,165                | 8,265,095               | -               | 363,611  | 618,358               | -                      | (508,087)                    | 13,454,1   |
| Domestic Market  | 2,642,783                | 8,265,095               | -               | 363,611  | 618,358               | -                      | (508,087)                    | 11,381,7   |
| External market  | 2,072,382                | -                       | -               | -        | -                     | -                      | -                            | 2,072,3    |
| Gross profit   | 1,084,602                | 346,573                 | -               | 105,486  | 233,630               | -                      | 6,009                        | 1,776,3    |
| Selling, general and administrative expenses                               | (720,011)                | (272,513)               | -               | (20,682) | (133,980)             | -                      | 2,751                        | (1,144,4   |
| Gain of formation of Joint Ventures  | -                        | -                       | -               | -        | -                     | -                      | -                            | -          |
| Other income (expenses)  | (58,791)                 | 13,862                  | -               | 8,725    | 1,223                 | -                      | (10,126)                     | (45,1      |
| Financial result, net  | (138,218)                | (25,768)                | -               | 7,232    | 23,283                | -                      | -                            | (133,4     |
| Income tax and social contribution   | (75,919)                 | (25,522)                | -               | (34,337) | (43,740)              | -                      | -                            | (179,5     |
| Net income   | 91,474                   | 36,570                  | -               | 66,423   | 234,950               | -                      | (138,770)                    | 290,6      |
| <b>Other selected data:</b>  |                          |                         |                 |          |                       |                        |                              |            |
| Additions to PP&E, intangible and biological assets (cash)                 | 1,459,360                | 213,200                 | -               | 251,000  | 3,300                 | -                      | -                            | 1,926,6    |
| Depreciation and amortization (including biological assets noncash effect) | 915,449                  | 88,258                  | -               | 24,262   | 28,493                | -                      | -                            | 1,056,6    |

### b) Detailed net Sales per segment:

|                              | 10.01.2011 to 12.31.2011 | 04.01.2011 to 12.31.2011 | 10.01.2010 to 12.31.2010 | 04.01.2010 to 12.31.2010 |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Raizen Energia</b>        |                          |                          |                          |                          |
| Sugar                        | 887,554                  | 3,247,176                | 931,947                  | 2,868,259                |
| Ethanol                      | 744,495                  | 2,370,064                | 647,721                  | 1,536,990                |
| Cogeneration                 | 53,047                   | 233,816                  | 51,016                   | 184,044                  |
| Others                       | 66,257                   | 203,393                  | 52,348                   | 125,873                  |
|                              | 1,751,353                | 6,054,449                | 1,683,032                | 4,715,166                |
| <b>Raizen Combustíveis</b>   |                          |                          |                          |                          |
| Fuels                        | 10,083,212               | 25,097,122               | 2,865,656                | 8,226,487                |
| Others                       | -                        | 16,946                   | 10,230                   | 38,608                   |
|                              | 10,083,212               | 25,114,068               | 2,875,886                | 8,265,095                |
| <b>Cosan Alimentos</b>       |                          |                          |                          |                          |
| Amorfo                       | 213,243                  | 454,056                  | -                        | -                        |
| Crystal                      | 13,809                   | 27,072                   | -                        | -                        |
| Others                       | 12,976                   | 26,065                   | -                        | -                        |
|                              | 240,028                  | 507,193                  | -                        | -                        |
| <b>Rumo</b>                  |                          |                          |                          |                          |
| Port lifting                 | 29,611                   | 123,545                  | 29,020                   | 102,857                  |
| Logistics                    | 109,386                  | 359,771                  | 80,945                   | 249,463                  |
| Others                       | 4,063                    | 14,408                   | 3,707                    | 11,291                   |
|                              | 143,060                  | 497,724                  | 113,672                  | 363,611                  |
| <b>Others business Cosan</b> |                          |                          |                          |                          |
| Lubricants                   | 254,429                  | 767,383                  | 208,937                  | 616,839                  |
| Others                       | 9,118                    | 27,198                   | -                        | 1,519                    |
|                              | 263,547                  | 794,581                  | 208,937                  | 618,358                  |
| Adjustments/eliminations     | (6,170,518)              | (14,665,070)             | (143,094)                | (508,087)                |
| <b>Total</b>                 | <b>6,310,682</b>         | <b>18,302,945</b>        | <b>4,738,433</b>         | <b>13,454,143</b>        |



## Cosan S.A. Indústria e Comércio

Notes to quarterly financial information

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(in thousands of Reais, unless otherwise stated)

### c) Net Sales per region

The percentage of net sales of the Raízen Energia segment by geographic area for the years ended are as follows:

|                               | <u>12.31.2011</u> | <u>12.31.2010</u> |
|-------------------------------|-------------------|-------------------|
| Brasil                        | 66,32%            | 67,65%            |
| Europe                        | 24,18%            | 26,45%            |
| Latin America (Except Brazil) | 0,62%             | 0,57%             |
| Middle East and Asia          | 5,34%             | 2,51%             |
| North America                 | 2,63%             | 1,01%             |
| Other                         | 0,91%             | 1,81%             |
| <b>Total</b>                  | <b>100,00%</b>    | <b>100,00%</b>    |

The net sales from segments Raízen Combustíveis, Rumo and Cosan Alimentos are derived only from the domestic market (Brazil), with no revenue from foreign customers.