

Quarterly Financial Information

Cosan S.A. Indústria e Comércio

June 30, 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

June 30, 2011

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

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 June 30, 2011, comprising the balance sheet and the related statements of income, comprehensive income, changes in equity and cash flows for the three-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.

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.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statements of value added (SVA) for the three-month period ended June 30, 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, August 15, 2011 (except for Note 2b, which the date is September 8, 2011).

ERNST & YOUNG TERCO
Auditores Independentes S.S.

Luiz Carlos Nannini
Accountant CRC 1SP171638/O-7

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

COSAN S.A INDÚSTRIA E COMÉRCIO

Balance sheets
June 30, 2011 and March 31, 2011
(In thousands of Reais)

	NOTE	Parent Company		Consolidated	
		30.06.2011	31.03.2011	30.06.2011	31.03.2011
Assets					
Current					
Cash and cash equivalents	4	341,635	372,318	1,278,158	1,254,070
Restricted cash	5	-	2,719	60,236	187,944
Accounts receivable	7	-	44,782	825,225	594,857
Derivative financial instruments	24	-	-	60,238	55,682
Inventories	8	-	92,571	1,001,950	670,331
Advances to suppliers		-	42,436	172,248	229,325
Dividends receivable - subsidiaries		17,948	-	-	-
Related parties	10	103,502	73,939	680,259	14,669
Recoverable taxes	9	18,352	105,134	411,706	374,991
Other credits		11,236	31,565	98,921	80,385
		492,673	765,464	4,588,941	3,462,254
Non current					
Deferred income and social contribution taxes	17	-	215,490	-	715,333
		148,659	-	1,026,379	-
Advances to suppliers		-	7,045	27,486	46,037
Related parties	10	704,224	71,233	1,215,410	91,954
Recoverable taxes	9	-	4,622	124,467	55,066
Judicial deposits		102,861	17,574	372,477	218,371
Other financial assets	6	158,887	201,773	290,292	420,417
Other credits		347,570	1,401	1,103,554	443,752
Investments	11	10,841,229	8,290,188	333,907	304,142
Biological assets	12	-	532,140	795,111	1,561,132
Property, plant and equipment	13	18,516	1,177,298	8,260,010	7,980,524
Intangible	14	100,733	366,471	4,125,325	3,445,674
		12,422,679	10,885,235	17,674,418	15,282,402
Total assets		12,915,352	11,650,699	22,263,359	18,744,656

COSAN S.A INDÚSTRIA E COMÉRCIO

Balance sheets
June 30, 2011 and March 31, 2011
(In thousands of Reais)

	NOTE	Parent Company		Consolidated	
		06.30.2011	03.31.2011	06.30.2011	03.31.2011
Liabilities					
Current					
Current portion of long-term debt	15	-	110,526	627,091	916,400
Derivatives	24	-	-	94,274	132,289
Trade accounts payable		2,088	99,630	621,638	558,766
Salaries payable		8,170	54,199	183,277	183,560
Taxes payable	16	18,859	33,758	247,108	245,284
Dividends payable	19	190,285	190,285	195,685	190,285
Related parties	10	62,637	29,001	186,760	41,163
Other current liabilities		33,574	44,183	273,071	189,629
		315,612	561,582	2,428,904	2,457,376
Non current					
Long-term debt	15	311,697	1,551,236	3,699,356	6,274,895
Taxes payable	16	609,288	88,717	1,122,987	639,071
Legal proceedings	18	299,534	78,142	940,846	666,282
Related parties	10	2,018,883	2,401,518	371,174	4,444
Pension	25	-	-	25,896	24,380
Deferred income taxes	17	355,031	462,841	3,546,390	1,510,965
Other noncurrent liabilities		146,755	47,802	814,378	382,897
		3,741,188	4,630,256	10,521,029	9,502,934
Equity					
Common stock	19	4,691,822	4,691,822	4,691,822	4,691,822
Treasury shares		(19,405)	(19,405)	(19,405)	(19,405)
Capital reserves		637,836	537,468	637,836	537,468
Profit reserves		1,248,976	1,248,976	1,248,976	1,248,976
Net income for the period		2,299,323	-	2,299,323	-
Attributable to controlling shareholders		8,858,552	6,458,861	8,858,552	6,458,861
Attributable to non controlling interests		-	-	454,874	325,485
Total equity		8,858,552	6,458,861	9,313,426	6,784,346
Total liabilities and equity		12,915,352	11,650,699	22,263,359	18,744,656

COSAN S.A INDÚSTRIA E COMÉRCIO

Balance sheets

June 30, 2011 and March 31, 2011

(In thousands of Reais)

	NOTE	Parent Company		Consolidated	
		06.30.2011	06.30.2010	06.30.2011	06.30.2010
Net sales					
	21	64	563,806	5,187,980	3,999,622
Cost of goods sold					
		(455)	(430,759)	(4,599,999)	(3,522,681)
Gross profit		(391)	133,047	587,981	476,941
Operational Income (expenses)					
Selling		-	(30,021)	(261,203)	(216,096)
General and administrative		(13,885)	(51,828)	(150,020)	(120,612)
Other, net	23	5,357	(4,617)	22,022	(2,329)
Gain on formation of joint ventures	20	(30,412)	-	3,315,119	-
		(38,940)	(86,466)	2,925,918	(339,037)
Income before equity income of associates, financial results and income taxes					
		(39,331)	46,581	3,513,899	137,904
Equity income of associates	11	2,373,756	36,141	1,961	5,758
Financial results, net	22	(42,048)	(100,640)	11,211	(130,503)
		2,331,708	(64,499)	13,172	(124,745)
Income before taxes		2,292,377	(17,918)	3,527,071	13,159
Income taxes					
Current	17				
		3,266	-	(26,868)	(11,706)
Deferred	17	3,680	18,332	(1,197,772)	706
		6,946	18,332	(1,224,640)	(11,000)
Net income for the period		2,299,323	414	2,302,431	2,159
Net income attributable to non-controlling interests		-	-	(3,108)	(1,745)
Net income attributable to Cosan		2,299,323	414	2,299,323	414
Earnings per share (in Reais)					
Basic and Diluted				R\$ 5.659	R\$ 0.001

See accompanying notes to consolidated financial statements

Cosan S.A. Indústria e Comércio

Statement of changes in equity
Balance sheets as of June 30, 2011 and June 30, 2010.
(In thousands of Reais)

	Capital Reserves			Profit reserves			Total	Non controlling interests	Total equity	
	Capital stock	Treasury shares	Recognized options granted	Other Components of equity	Legal	Retained earnings				Retained earnings (accumulated losses)
Balances at March 31, 2011	4,691,822	(19,405)	660,743	(123,275)	63,119	1,185,857	-	6,458,861	325,485	6,784,346
Ajusted reflection of asset evaluation - <i>Hedge accounting</i>	-	-	-	38,321	-	-	-	38,321	-	38,321
Equity Adjustment - deconsolidation of subsidiaries contributed to joint ventures	-	-	-	65,246	-	-	-	65,246	-	65,246
Effect of corporate reorganization of Rumo	-	-	-	-	-	-	-	-	47,291	47,291
Net income for the period	-	-	(3,199)	-	-	-	-	(3,199)	78,990	75,791
Balances at June 30, 2011	4,691,822	(19,405)	657,544	(19,708)	63,119	1,185,857	2,299,323	8,858,552	454,874	9,313,426

	Capital Reserves			Profit reserves			Total	Non controlling interests	Total Shareholders' equity	
	Capital stock	Treasury shares	Recognized options granted	Other Components of shareholders' equity	Legal	Retained earnings				Retained earnings (accumulated losses)
Balances at March 30, 2010	4,687,826	(4,186)	452,217	39,112	24,541	719,548	-	5,919,058	63,119	5,982,177
Exercise of stock option	-	-	511	-	-	-	-	511	-	511
Adjusted reflection of asset evaluation - <i>Hedge accounting</i>	-	-	-	19,942	-	-	-	19,942	-	19,942
Pension Plan	-	-	-	(509)	-	-	-	(509)	-	(509)
Net income for the period	-	-	-	-	-	-	414	414	1,744	2,158
Balances on June 30, 2010	4,687,826	(4,186)	452,728	58,545	24,541	719,548	414	5,939,416	64,863	6,004,279

Cosan S.A. Indústria e Comércio

Statement of income
Years ended June 30, 2011 and 2010
(In thousands of Reais)

	Consolidated	
	06.30.2011	06.30.2010
Net income of the period	2,302,431	2,159
Other comprehensive income (loss):		
Net movement on derivative instruments and cash flow hedges	58,062	30,217
Others	-	(761)
Deferred Income Tax and Social Contribution	(19,741)	(10,015)
Other comprehensive income for the period, net of tax	38,321	19,441
Total comprehensive Income for the period, net of tax	2,340,752	21,600
Total comprehensive Income attributable to:		
Controlling Shareholders	2,337,644	23,344
Non-controlling interests	(3,108)	(1,744)

Cosan S.A. Indústria e Comércio

Cash flow Statements

Years ended June 30, 2011 and 2010

(In thousands of Reais)

	Parent Company		Consolidated	
	06.30.2011	06.30.2010	06.30.2011	06.30.2010
Operating activities				
Net income of the period	2,299,323	414	2,299,323	414
Adjustments to reconcile net income before tax for the period to net cash from operating activities:				
Depreciation and amortization	1,607	46,372	165,776	157,853
Biological assets	-	788	116,951	175,183
Income from equity investments	(2,373,756)	(36,141)	(1,961)	(5,758)
Loss (gain) from disposal of property, plant and equipment	48	(69)	17,049	3,112
Deferred income taxes	(3,680)	(18,332)	1,197,772	(706)
Provision for legal proceedings	18,677	9,120	33,129	10,656
Non-controlling interests	-	-	3,108	1,744
Interest, monetary variations and foreign exchange variation, net	60,795	82,377	(33,684)	166,976
Joint Ventures formation effects	30,412	-	(3,315,119)	-
Others	-	3,381	5,182	19,424
	<u>33,426</u>	<u>87,910</u>	<u>487,526</u>	<u>528,897</u>
Changes in assets and liabilities				
Accounts receivable	-	116,695	(123,256)	153,257
Restricted cash	(3,207)	-	113,484	-
Inventories	-	(55,501)	(326,628)	(304,027)
Related parties	(684,992)	-	(1,747,363)	-
Advances to suppliers	(18,245)	(23,452)	(122,137)	(76,673)
Suppliers	14,846	40,181	241,243	146,855
Salaries payable	5,540	28,815	110,917	78,303
Derivatives s	-	73,906	(79,778)	70,703
Taxes and Contributions Payable	(26,005)	(13,662)	908,761	(29,039)
Other assets and liabilities, net	622,731	(102,394)	429,605	39,026
Net cash provided by operating activities	<u>(55,906)</u>	<u>152,499</u>	<u>(107,626)</u>	<u>607,303</u>
Investing activities				
Acquisitions, net cash of cash acquired	-	18,936	-	-
Cash contributed on establishment of the Joint Ventures	-	-	(173,116)	-
Dividends received	27,133	-	-	-
Increase in investments	-	-	-	(3,747)
Purchase of property, plant and equipment, software and other intangible assets	(1,910)	(112,267)	(491,508)	(513,866)
Sugarcane planting and growing costs	-	-	(217,181)	(194,559)
Proceeds from the sale of other investments and property, plant and equipment	-	277	-	671
Net cash generated (used) in investing activities	<u>25,223</u>	<u>(93,054)</u>	<u>(881,805)</u>	<u>(711,500)</u>

Cosan S.A. Indústria e Comércio

Statements of cash flow--Continued
 Years ended June 30, 2011 and 2010
 (In thousands of Reais)

	Parent Company		Consolidated	
	06.30.2011	06.30.2010	06.30.2011	06.30.2010
Financing activities				
Proceeds from long-term debt	-	110,109	1,281,124	642,394
Repayment of long-term debt	-	(312,483)	(407,530)	(561,649)
Capital increase in subsidiaries by minority shareholders	-	-	139,925	-
Cash from (to) related parties	-	(57,925)	-	-
Net cash flows from (used by) financing activities	-	(260,299)	1,013,519	80,745
Net Increase (decrease) in cash and cash equivalents	(30,683)	(200,854)	24,088	(23,452)
Cash and cash equivalents at the beginning of the year	372,318	285,925	1,254,070	1,078,366
Cash and cash equivalents at the end of the period	341,635	85,071	1,278,158	1,054,914
Supplemental disclosure of cash flow information				
Income taxes paid	-	-	7,942	6,108
Financial interest expenses paid	-	45,355	77,883	84,839

Cosan S.A. Indústria e Comércio

Statement of value added Years ended June 30, 2011 and 2010 (In thousands of Reais)

	Parent Company		Consolidated	
	06.30.2011	06.30.2010	06.30.2011	06.30./2010
Revenues				
Sales of services and products, net of returns	64	592,071	5,547,920	4,369,376
Other operational revenues, net	5,357	(4,617)	22,022	(2,329)
JVs formation effects	(30,412)		3,315,119	
Reversal (additions) of allowance for doubtful accounts	1,008	(178)	516	1,030
	(23,983)	587,276	8,885,577	4,368,077
Raw materials acquired from third parties				
Cost of goods sold and services rendered	(454)	(320,686)	(4,108,481)	(3,144,161)
Materials, energy, third parties services, others	(1,476)	(86,466)	(329,731)	(342,527)
	(1,930)	(407,152)	(4,438,412)	(3,486,688)
Gross value added	(27,520)	180,124	4,447,365	881,389
Retention				
Depreciation and amortization	(1,607)	(46,372)	(256,478)	(176,689)
	(1,607)	(46,372)	(256,478)	(176,689)
Net value added	(27,520)	133,752	4,190,887	704,700
Value added received in transfer				
Equity shares	2,373,756	36,141	1,961	5,758
Financial revenue	52,490	(7,148)	92,075	70,441
	2,426,246	28,993	94,036	76,199
Value added to be distributed	2,426,246	162,745	4,284,923	780,899
Distribution of value added				
Salaries	10,092	33,282	259,009	134,998
Taxes and contributions	(6,945)	9,933	1,584,580	380,754
Financial expenses	94,537	93,492	80,864	200,943
Rentals and leasing	1,719	25,624	58,039	65,534
Minority interests	-	-	3,108	(1,744)
Proposed dividends	-	116,569	-	116,569
Retained earnings	2,299,323	(116,155)	2,299,323	(116,155)
	2,398,726	162,745	4,284,923	780,899

Cosan S.A. Indústria e Comércio

Notes to quarterly information

June 30, 2011

(In thousands of reais, except as otherwise stated)

1. Operations

Cosan S.A. Indústria e Comércio, consisting of its subsidiaries and jointly controlled subsidiaries ("Company" or "Cosan") is a publicly held Company with its shares traded on the Novo Mercado segment of the São Paulo Stock Exchange ("BOVESPA") under the symbol CSAN3. Cosan's registered office is located in the city of São Paulo, Brazil. Cosan Limited is the controlling shareholder of Cosan, holding a 62.2% interest therein as of 30 June 2011.

Cosan, through its subsidiaries and jointly controlled subsidiaries, primarily operates in the following business segments: (i) manufacturing and trade of sugar and ethanol, as well as energy cogeneration produced from sugarcane bagasse, (ii) production and distribution of lubricants and fuel distribution, (iii) logistics, transportation, storage and port elevation of sugar services and (iv) investments in agricultural land, among others.

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.

On the establishment of the joint ventures, Cosan's investment was made through the contribution of their sugar and ethanol business as well as their fuel distribution business. Shell's contribution to the joint venture was made through its fuel distribution business in Brazil, its interests in logen and Codexis, the license to use the Shell brand and a fixed cash contribution of approximately R\$1.8 billion over a two year period. The accounting effects arising from the establishment of Raízen Combustíveis and Raízen Energia are presented in note 20 of the financial information.

Cosan's sugar logistics and lubricants distribution business, along with the investment in Radar Propriedades Agrícolas SA ("Radar") were not contributed to the joint venture.

Cosan S.A. Indústria e Comércio

Notes to quarterly information - continued

June 30, 2011

(In thousands of reais, except as otherwise stated)

2. Presentation of quarterly information and accounting policies

2.a Accounting policies

The 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 FRS 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 June 30, 2011.

On August 12, 2011, the Company's Board of Directors approved this financial information and authorized its original issuance. On September 8, 2011 the Company's Board of Directors reapproved this financial information and reauthorized its new issuance.

The financial information was prepared according to principles, policies and criteria consistent with those adopted in the preparation of the annual financial statements of 31 March 2011 and should be read in conjunction with them.

Company's jointly controlled subsidiaries

Cosan holds stakes in two joint ventures (Raizen Combustíveis and Raizen Energia), 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 information - continued

June 30, 2011

(In thousands of reais, except as otherwise stated)

Consolidation of quarterly information

The consolidated quarterly information statements include information from Cosan, its subsidiaries and jointly controlled subsidiaries for the quarter ended June 30, 2011 and year ended March 31, 2011. The Subsidiaries and jointly controlled subsidiaries are listed below:

Cosan S.A. Indústria e Comércio

Notes to quarterly information - continued

June 30, 2011

(In thousands of reais, except as otherwise stated)

	June 30, 2011			March 31, 2011		
	Direct	Indirect	Total	Direct	Indirect	Total
Subsidiaries						
Administração de Participações Aguassanta Ltda.	91.50%	-	91.50%	91.50%	-	91.50%
Bioinvestments Negócios e Participações S.A.	-	91.50%	91.50%	-	91.50%	91.50%
Vale da Ponte Alta S.A.	-	91.50%	91.50%	-	91.50%	91.50%
Águas da Ponte Alta S.A.	-	91.50%	91.50%	-	91.50%	91.50%
Proud Participações S.A.	99.90%	-	99.90%	99.90%	-	99.90%
Cosan Distribuidora de Combustíveis Ltda.	99.90%	-	99.90%	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 Finance Limited	100.00%	-	100.00%	100.00%	-	100.00%
Cosan Lubricants e Especialidades S.A. (previously named Cosan Combustíveis e Lubricants S.A.)	100.00%	-	100.00%	100.00%	-	100.00%
CCL 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%
Docelar Alimentos e Bebidas S.A.	99.90%	-	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%	-	69.70%	69.70%
Logisport Armazéns Gerais S.A.	-	35.50%	35.50%	-	35.50%	35.50%
Jointly Controlled Entities						
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%	-	-	-

(1) Jointly controlled subsidiaries with Shell Brazil Holding B. V.

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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 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.

2.b Reclassifications in the Consolidated Quarterly Financial Information

The Company revised certain of its Consolidated Quarterly Financial Information for the periods ended June 30, 2010 and 2011, identifying the need for some reclassification in the cash flow from operating activities between the accounts of Depreciation and Amortization, Biological assets and Inventories. As a result of those reclassifications, the disclosures on the change of Biological assets and Segment information were adjusted as shown below:

i. Cash flow statements

	Consolidated			Consolidated		
	6.30.2011			6.30.2010		
	<u>Previously Presented</u>	<u>Reclassification</u>	<u>New Presentation</u>	<u>Previously Presented</u>	<u>Reclassification</u>	<u>New Presentation</u>
Operating activities						
Adjustments to reconcile net income for the period to net cash from operating activities						
Depreciation and amortization	256,478	(90,702)	165,776	155,401	2,452	157,853
Biological assets	179,617	(62,666)	116,951	224,956	(49,773)	175,183
Changes in assets and liabilities						
Inventories	(479,996)	153,368	(326,628)	(351,348)	47,321	(304,027)
Net cash provided by operating activities	(107,626)	-	(107,626)	607,303	-	607,303

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ii. Notes to the financial statements

a. Biological Assets (note 12):

Changes in biological assets (sugarcane) are as follows:

	Consolidated		
	Previously Presented	Reclassification	New Presentation
Balance at March 31, 2011	1,561,132	-	1,561,132
Changes in fair value less estimated cost of sales		-	20,890
Expenses with sugarcane planting and tillering	(70)	(20,960)	217,181
Expenses with sugarcane planting and tillering	217,181	-	217,181
Absorption of haverested sugarcane costs (*)	(179,547)	20,960	(200,508)
Effect from the proportional consolidation by formation of JV (50%)	(803,584)	-	(803,584)
Balance at June 30, 2011	795,112	-	795,111

(*) from the total R\$ 200,508, R\$ 62,666 were allocated to sugar and ethanol inventories on June 30, 2011

b. Segment information (note 25):

See below the selected information on results and assets per segment, which were measured in accordance with the same accounting practices used to prepare the consolidated information.

	06.30.2011								
	Raizen Energia (*)			Adjustments			Consolidated		
	Previously Presented	Reclassification	New Presentation	Previously Presented	Reclassification	New Presentation	Previously Presented	Reclassification	New Presentation
Depreciation and amortization (including the noncash effect of biological assets)	237,739	90,087	327,826	(100,993)	(27,623)	(128,616)	241,153	62,464	303,617

	06.30.2010								
	Raizen Energia (*)			Adjustments			Consolidated		
	Previously Presented	Reclassification	New Presentation	Previously Presented	Reclassification	New Presentation	Previously Presented	Reclassification	New Presentation
Depreciation and amortization (including the noncash effect of biological assets)	296,836	47,321	249,515	-	-	-	338,194	47,321	290,873

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Notes to quarterly information - continued
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3. New IFRS and IFRIC (IASB Financial Information Interpretation Committee) Interpretations

New IASB accounting standards have been published and/or reviewed and may be adopted for the current fiscal year, as described below:

- IFRS 9 Financial Instruments - Classification and Measurement – The IASB has concluded the first part of the project to replace "IAS 39 Financial Instruments: Recognition and measurement". IFRS 9 uses a simple 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 (its business model) and the typical characteristic contractual cash flow of financial assets. The standard also requires the adoption of only one method for determining losses in the recoverable value of assets. This standard will become effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.
- IFRS 10 Consolidated financial statements - IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. The FRS 10 replaces the requirements for consolidation in SIC 12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*. This standard will become effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is evaluating the impact on its financial position and 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 *J Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, and will be effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The main impact of the adoption of IFRS 11 will be the removal of the proportionate consolidation method of accounting for jointly controlled entities, currently available under IAS 31. Consequently, IFRS 11 will result in the Company changing from proportionate consolidation to the equity method to account for its interests in its joint ventures.
- IFRS 12 Disclosure of Interests in Other Entities - IFRS 12 is a new and comprehensive standard on disclosure requirements of 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 January 1, 2013. Earlier application is permitted. The Company is analyzing the potential impact on its disclosures resulting 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 U.S. generally accepted accounting principles. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is analyzing the impact on its financial position or performance from the adoption of IFRS 13.

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There are no other standards and interpretations issued but not yet adopted that may, in management's opinion, have a significant impact on the results or equity disclosed by the Company.

4. Cash and cash equivalents

	Parent Company		Consolidated	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
Cash	120	146	354	289
Bank accounts	1,321	11,971	71,499	64,437
Foreign currency transaction in-transit	753	5,952	30,988	
				78,353
Highly liquid investments	339,441	354,249	1,175,317	1,110,991
	<u>341,635</u>	<u>372,318</u>	<u>1,278,158</u>	<u>1,254,070</u>

5. Restricted cash

	Parent Company		Consolidated	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
Related financial investments	-	-	24,310	61,072
Deposits in connection with derivative transactions	-	2,719	35,926	126,872
	<u>-</u>	<u>2,719</u>	<u>60,236</u>	<u>187,944</u>

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

6. Other financial assets

	Parent Company		Consolidated	
	30.06.2011	31.03.2011	30.06.2011	31.03.2011
Fair value of Radar option (1)	158,887	162,961	158,887	162,961
Treasury certificates – CTN (2)	-	38,812	131,405	
	<u>158,887</u>	<u>201,773</u>	<u>290,292</u>	<u>420,417</u>

- (1) The Company holds Warrants on Radar, exercisable at any time until up to maturity (August 2018). Such warrants allow Cosan to purchase additional shares for R\$41.67 per share, adjusted for inflation (IPCA), equivalent to 20% of the total shares issued by Radar on 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 15). These bonds yield inflation (IGPM) plus 12% per annum. 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.

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7. Accounts receivable

The balances of accounts receivables as of June 30, 2011 and March 31, 2011, are composed as follows:

	Parent Company		Consolidated	
	30.06.2011	31.03.2011	30.06.2011	31.03.2011
Domestic	-	45,790	851,582	678,498
Foreign	-	-	70,023	7,556
Allowance for doubtful accounts	-	(1,008)	(96,380)	(91,197)
	-	44,782	825,225	594,857

8. Inventories

	Parent Company		Consolidated	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
Finished goods:				
Sugar	-	9,559	160,191	77,673
Etanol	-	18,080	153,560	42,840
Fuels and lubricants	-	-	549,057	326,634
Raw materials	-	17,546	34,610	51,598
Work in progress	-	1,121	11,098	5,121
Spare parts and other	-	51,993	100,426	186,032
Provision for inventory realization and obsolescence	-	(5,728)	(7,292)	(19,567)
	-	92,571	1,001,950	670,331

9. Recoverable taxes

	Parent Company		Consolidated	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
Income tax withheld at source	11,797	-	14,285	-
Income tax	5,413	25,953	131,787	66,274
COFINS	1,056	61,478	88,060	121,474
PIS	-	13,426	17,770	27,338
ICMS-State VAT	-	7,713	229,496	151,161
IPI	-	976	34,728	47,741
Others	86	210	20,047	16,069
	18,352	109,756	536,173	430,057
Current	(18,352)	(105,134)	(411,706)	(374,991)
Non Current	-	4,622	124,467	55,066

10. Related parties (consolidated)

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

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- Aguassanta:

A jointly controlled entity, Raízen Energia, leases land from entities controlled by Group Aguassanta ("Aguassanta"), a group of entities under common control through Mr. Rubens Ometto de Silveira de Mello. The lease costs are paid considering the ATR price published by CONSECANA, with contracts having terms expiring between 2026 and 2027.

- Radar

A jointly controlled entity, Raízen Energia, leases land from entities controlled by Radar Propriedades Agrícolas S.A. ("Radar"), a subsidiary of Cosan. These lease costs are paid also according to the ATR price published by CONSECANA, with a majority of the contracts expiring in 2027.

- Rezende Barbosa Group

The Company holds a receivable originating from the acquisition of Curupay, which are ultimately guaranteed by shares issued by the Company.

A jointly controlled entity, Raízen Energia, signed a long-term sugar-cane supply agreement with the Rezende Barbosa Group. Prices paid to the Rezende Barbosa Group are based on ATR prices published by CONSECANA.

- Vertical

A jointly controlled entity, Raízen Energia, buys and sells ethanol with Vertical UK LLP ("Vertical") in the normal course of business. Vertical is a trading company based in Switzerland for which the Company holds a 50% stake.

- Raízen Energia

A jointly controlled entity, Raízen Energia, in accordance with the contract signed on its establishment (note 20), assumed rights and obligations of certain operations with the Company, seeking refunds or reimbursements with respect to some operations which had taken place prior to the establishment of the joint venture.

The Company is entitled to financial compensation from Raízen Energia and Raízen Combustíveis for tax benefits realized by them, due to the use of tax losses and amortization of assets contributed by the Company.

- Shell Brazil Holding B.V.

The jointly controlled entity, Raízen Combustíveis, has operations which involve the sale of fuel to Shell Aviation Limited through an agreement for use in their foreign aircraft operations. Payments related to these agreements take place twice a month.

The jointly controlled entity, Raízen Combustíveis, in accordance with the contract signed on its establishment (note 20), became entitled to reimbursement of certain disputes by Shell Brazil Holding BV from the period prior to the joint venture.

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The jointly controlled entity, Raízen Combustíveis, in accordance with the contract signed on its establishment have an accounts receivable related to Shell Brazil Holding B.V. cash contribution amounting R\$1.853.969 being presented in this financial information the part of the Company share amounting R\$926.984, allocated in current and noncurrent asset. This amount had been fixed to American dollars and corrected by Libor.

a. Summary of balances with related parties

Current Assets	06.30.2011	03.31.2011
Raízen Energia	162,015	-
Shell Brazil Holding B.V.	501,453	-
Vertical UK LLP	5,411	6,430
Rezende Barbosa Group	7,965	7,298
Other related parties	3,415	941
Total current assets	680,259	14,669
Non current assets		
Shell Brazil Holding B.V.	694,656	-
Raízen Energia	325,587	-
Raízen Combustíveis	98,220	-
Rezende Barbosa Group	90,156	91,954
Other related parties	6,791	-
Total noncurrent assets	1,215,410	91,954
Total assets	1,895,669	106,623
Current liabilities	06.30.2011	03.31.2011
Raízen Energia	114,225	-
Rezende Barbosa Group	34,645	37,664
Shell Brazil Holding B.V.	31,285	-
Other	6,605	3,499
Total current liabilities	186,760	41,163
Non current liabilities		
Shell Brazil Holding B.V.	361,708	-
Raízen Energia	2,674	-
Other	6,792	4,444
Total non-current liabilities	371,174	4,444
Total liabilities	557,934	45,607

b. Summary of related party transactions

	06.30.2011	06.30.2010
Sale of products / services		
Vertical UK LLP	85,037	41,939
Other	28	34,563

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	<u>85,065</u>	<u>76,502</u>
Purchase of goods / services		
Grupo Rezende Barbosa	127,194	113,742
Leased Land		
Aguassanta	7,568	5,547
Radar	8,860	8,626
	<u>16,428</u>	<u>14,173</u>
Financial results, net		
Rezende Barbosa Group	691	-
Shell Brazil Holding B.V.	(9,104)	-
Other	88	-
	<u>(8,325)</u>	<u>-</u>

c. Officers and directors compensation

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

Additionally, the new stock option plan for the Company was approved, but no awards of options were issued until June 30, 2011 (note 27).

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June 30, 2011

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11. Investments

a) Investment in subsidiaries, jointly controlled entities and associates

	Investment Balance		Equity Pick-up	
	06.30.2011	03.31.2011	06.30.2011	06.30.2010
<u>Subsidiaries and jointly controlled entities</u>				
Cosan Distribuidora de Combustíveis S.A. (1)	4,847,855	-	2,074,272	-
Cosan Cayman Finance Limited	634,289	651,480	10,083	-
Cosan Cayman II Limited	364,749	-	2,522	-
Copsapar Participações S.A.	500,435	498,102	15,366	14,750
Cosan Lubrificantes e Especialidades S.A. (5)	-	1,933,302	26,375	17,962
Administração de Participações Aguassanta S.A.	150,076	138,193	(583)	(281)
Novo Rumo Logística S.A.	224,851	223,006	6,913	6,636
Proud Participações S.A.	202,084	53,236	-	-
Raízen Energia Participações S.A.(2)	3,642,471	-	(15,874)	-
Ráízen Energia S.A.(3)	-	2,946,111	280,739	(5,854)
TEAS - Terminal Exportador de Alcool de Santos S.A.(4)	-	40,088	-	130
Raízen S.A. Bioenergia(4)	-	152,929	-	5,207
Cosan Finance Limited(4)	-	17,489	-	(863)
Raízen Tarumã S.A.(4)	-	959,665	-	(6,730)
Cosan International Universal Corporation(4)	-	1,304	-	-
Cosan Cayman Limited(4)	-	376,311	1,729	-
<u>Associates</u>				
Radar Propriedades Agrícolas S.A.	262,717	260,757	1,961	7,101
Vertical	8,871	8,872	-	-
Other investments	2,831	29,343	(29,746)	(1,917)
	10,841,229	8,290,188	2,373,757	36,141

(1) Company subsidiary owned 50% of the economic benefit of Raízen Combustíveis and 100% Cosan Lubrificantes e Especialidades S.A.;

(2) Entity was a result of the JVs formation, owner of Raízen Energia S.A.;

(3) Formerly known as Cosan S.A. Açúcar e Alcool, became joint control indirect subsidiary of the Company with the formation of Raízen Energia e Participações S.A.;

(4) Controlled and contributed entities to the formation of the JVs;

(5) Due to the organization restructuring to form the JVs, became a controlled subsidiary of Cosan Distribuidora de Combustíveis S.A.

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(In thousands of reais, except as otherwise stated)

Changes in investments in subsidiaries, jointly controlled subsidiaries and associates:

Balance at March 31, 2011	8,290,188
Equity pick-up	2,373,757
Ajusted (appreciation of Proud assets)	148,847
Dividendos	(27,133)
Comprehensive results	(39,731)
Net effect on the establishment of Raizen	152,872
Provision for Losses	(32,752)
Other	(24,820)
Exposure at June 30, 2011	10,841,228

b) Investments in associates:

	<u>Investments</u>		<u>Equity pick-up</u>	
	<u>06.30.2011</u>	<u>03.31.2011</u>	<u>06.30.2011</u>	<u>06.30.2010</u>
Radar Propriedades Agrícolas S.A.	262,717	260,756	1,961	7,101
Codexis Inc	43,974	-	-	-
Other investments	27,216	43,386	5	(1,343)
	<u>333,907</u>	<u>304,142</u>	<u>1,966</u>	<u>5,758</u>

Changes in investments

Balance at March 31, 2011	304,142
Equity pick-up	1,961
Effect of the formation of the JVs	30,043
Other	(2,239)
Balance at June 30, 2011	333,907

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12. Biological assets

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

	<u>Parent Company</u>	<u>Consolidated</u>
Balance as of March 31, 2011		1,561,132
Capital contribution to subsidiaries	532,140	-
Change in fair value	(532,140)	20,890
Increase due to planting and growing costs	-	217,181
Harvested cane transferred to inventory (*)	-	(200,508)
Proportional consolidated effects of the establishment of joint venture (50%)	-	(803,584)
Balance as of June 30, 2011	<u>-</u>	<u>795,111</u>

(*) Of this amount R\$ 62,666 were allocated to inventories of sugar and ethanol on June 30, 2011.

Sugarcane plants

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

	<u>06.30.2011</u>	<u>03.31.2011</u>
Crop area (hectares)	340,386	340,386
Expected productivity (tons of cane per hectare)	84,74	84,74
Total amount of recoverable sugar- ATR (kg)	138,54	138,54
Price kg ATR projected average (R \$ / kg)	0,4228	0,4228

Sugar production depends on the volume and the sucrose content of sugarcane grown or supplied by farms located near the plants. The yield of the crop and the sucrose content in sugarcane mainly depend on weather conditions such as rainfall and temperature, which may vary. Historically, weather conditions have caused volatility in the ethanol and sugar harvests and, consequently, in the results of operations of the Company and its jointly controlled subsidiaries. Floods, droughts and frosts can adversely affect the supply and agricultural commodity prices sold and used in operations. Future weather conditions may reduce the amount of sugar and sugarcane that the Company will obtain in a particular crop or the sucrose content of sugarcane. Additionally, the Company's 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-Center region of Brazil begins in April / May and ends in November / December. The unpredictability of the harvest creates variations in stock, usually higher 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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June 30, 2011

(In thousands of reais, except as otherwise stated)

13. Property, plant and equipment

	Parent Company					At June 30, 2011
	At March 31, 2011	Additions	Write offs	Transfers	Capital contribution in subsidiary	
Costs:						
Land and rural properties	240,330	-	-	(225,033)	(14,072)	1,225
Buildings and improvements	181,081	-	-	-	(172,902)	8,179
Machinery, equipment and installations	653,655	-	-	(834)	(651,733)	1,087
Aircraft	13,395	-	-	-	-	13,395
Boats and Vehicles	110,966	-	(206)	-	(110,760)	-
Furniture, fixtures and computer equipment	40,008	-	-	-	(40,008)	-
Constructions in progress	195,747	5,552	-	(13,301)	(192,480)	5,519
Advances for purchase of Property, plant and equipment	5,083	(3,642)	-	-	(1,441)	-
Others	234,356	-	-	-	(168,073)	66,283
Total	1,674,621	1,910	(206)	(239,168)	(1,341,469)	95,687
Depreciation:						
Buildings and improvements	(36,000)	(82)	-	-	35,704	(378)
Machinery, equipment and installations	(315,771)	(27)	-	375	315,232	(191)
Aircraft	(13,395)	-	-	-	-	(13,395)
Boats and Vehicles	(46,639)	(7)	159	-	46,487	-
Furniture, fixtures and computer equipment	(19,235)	(11)	-	-	19,188	(58)
Others	(66,283)	-	-	-	3,136	(63,147)
Total	(497,323)	(127)	159	375	419,747	(77,170)
Net salvage value:	1,177,298	- 1,783	- (47)	- (238,794)	- (921,723)	- 18,516

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June 30, 2011

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	Consolidated						As of June 30, 2011
	At March 31, 2011	Additions	Write offs	Transfers	Addition through merger / JV establishment	Contribution of JV establishment	
Costs:							
Land and rural properties	1,263,240	-	(1,071)	1,093	570,096	1,833,358	1.833.358
Buildings and improvements	1,122,256	1,432	(2,615)	14,587	(249,265)	886,395	886.396
Machinery, equipment and installations	4,980,432	17,612	(12,479)	52,778	(313,325)	4,725,018	4.709.437
Aircraft	30,903	-	-	-	-	30,903	30.903
Locomotives and wagons	341,647	-	-	50,000	-	391,647	391.647
Boats and Vehicles	323,042	2,659	(469)	4,506	(46,451)	283,286	283.286
Furniture, fixtures and computer equipment	137,206	94	(744)	2,256	(24,128)	114,683	114.684
Constructions in progress	1,218,765	333,938	(4,013)	(117,407)	(515,456)	915,827	914.116
Advances for Purchase of Property, plant and equipment	148,947	4,262	(2,009)	-	(36,482)	114,718	114.719
Parts and components to be periodically replaced	1,043,342	116,966	-	(0)	(277,221)	883,087	807.554
Others	4,782	12,993	(1,396)	-	134,526	150,904	150.900
Total	10,614,562	489,954	(24,795)	7,811	(757,705)	10,329,826	10.237.000
Depreciation:							
Land and rural properties	(3,118)	-	-	-	-	(3,118)	(3.118)
Buildings and improvements	(287,620)	(13,048)	514	(1,676)	109,856	(191,975)	(191.974)
Machinery, equipment and installations	(1,472,512)	(97,874)	5,075	(2,973)	668,963	(899,321)	(882.030)
Aircraft	(15,195)	(438)	-	-	-	(15,633)	(15.633)
Locomotives and wagons	(6,128)	(2,984)	-	-	-	(9,112)	(9.112)
Boats and Vehicles	(150,146)	(11,059)	377	683	60,669	(99,476)	(99.477)
Furniture, fixtures and computer equipment	(87,460)	(3,304)	567	46	11,900	(78,251)	(78.251)
Parts and components to be periodically replaced	(611,859)	(113,261)	-	-	37,728	(687,393)	(611.859)
Others	-	(965)	1,093	-	(85,664)	(85,536)	(85.536)
Total	(2,634,038)	(242,935)	7,625	(3,920)	803,452	(2,069,816)	(1.976.990)
Net salvage value:	7,980,524	247,019	(17,170)	3,891	45,747	8,260,010	8.260.010

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Capitalization of borrowing costs

During the quarter ended June 30, 2011, borrowing costs capitalized amounted to R \$ 22,610 (R\$ 70,543 for the year ended March 31, 2011). The weighted average interest rate, used for capitalization of interest on the balance of construction in progress, was 8.05% in 2011 (9.13% for the period ended March 31, 2011).

14. Intangible.

	Parent Company				
	At March 31, 2011	Additions	Transfers	Capital contribution in subsidiary	At June 30, 2011
Costs					
Software licence	50,182	-	-	(50,182)	-
Trademarks and patents	-	85,354	-	-	85,354
Goodwill	550,600	-	45,203	(264,260)	331,543
Others	17,603	-	-	-	17,603
Total	618,385	85,354	45,203	(314,442)	434,500
Depreciation:					
Software licence	(32,809)	-	-	32,809	-
Trademarks and patents	-	(442)	-	-	(442)
Goodwill	(218,361)	(193,633)	-	80,451	(331,543)
Others	(744)	(1,038)	-	-	(1,782)
Total	(251,914)	(195,113)	-	113,260	(333,767)
Net book value:	366,471	(109,759)	45,203	(201,182)	100,733

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	At March 31, 2011	Additions	Write offs	Transfers	Merged assets	As of June 30, 2011
Costs						
Software license	98,063		-	-		
		570			28,001	126,634
Trademarks and patents	429,671		(9,513)		230,401	650,559
Goodwill			(195,116)			
	2,253,320				495,345	2,553,549
Customer Base						
	583,420				317,986	901,406
Favorable operating leases						
	155,505				(61,333)	94,172
Distribution rights						
	170,291	25			(53,952)	116,364
Others			(8,640)			
	43,263				103,459	138,082
Total	3,733,533	595	(213,269)		1,059,907	4,580,766
Depreciation:						
Software licence						
	(66,111)	(3,083)			(34,198)	(103,392)
Trademarks and patents						
	(98,710)				(2,335)	(101,045)
Goodwill						
	-				-	-
Customer Base						
	(41,038)	(5,554)			(16,587)	(63,179)
Favorable operating leases						
	(15,118)				(7,559)	(22,677)
Distribution rights						
	(62,387)					(62,387)
Others						
	(4,495)	(4,953)			(93,313)	(102,761)
Total	(287,859)	(13,590)			(153,992)	(455,441)
Net Book Value:	3,445,674	(12,995)	(213,269)		905,915	4,125,325

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<u>Intangible assets</u>	<u>Amortization Rate per year</u>	<u>06.30.2011 R\$ thousand</u>	<u>03.31.2011 R\$ thousand</u>
Software licence	20%	23,242	31,952
Trademarks and patents			
Trademark Esso (a)	20%	290,094	68,696
Trademark Mobil (b)	10%	174,508	176,911
Trademark União (c)	2%	84,912	85,354
Customer base (d)	3,45%	545,272	247,907
Customer base (e)	3,70%	292,955	294,475
Favorable operating leases (f)	5,56%	71,495	140,387
	Straight line ove		
Distribution rights	contract term	53,977	107,904
Other		33,838	38,767
Total		1,570,293	1,192,353

(a) Refers to the right to use the trademark Esso, arising from the acquisition of Cosan.

(b) Refers to the right to use the trademark of Mobil lubricants arising from the acquisition of Cosan CL.

(c) Refers to the right to use the trademark sugar União arising from the acquisition of Curupay.

(d) Refers to the customer of Cosan CL acquired in its business combination.

(e) Refers to the customer base of Teaçu acquired in its business combination.

(f) Refers to favorable lease contracts arising from the acquisition of Curupay.

Analysis of recoverable losses for cash-generating units containing goodwill.

The Company tests annually, every March 31 or more frequently if indicators of impairment are identified, the recoverable amount 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 quarter ended June 30, 2011, the Company did not identify any indicators of impairment that would require another impairment test.

For the purpose of impairment testing, goodwill is allocated to the operating segments of the Company, at which goodwill is monitored for purposes of internal administration. Goodwill acquired through business combinations has been allocated to three cash-generating units, which are also the Company's operating segments, as presented below:

- Cash-generating unit of sugar and ethanol ("Raízen Energia")
- Cash-generating unit of fuel distribution ("Raízen Combustíveis")
- Cash-generating unit of logistics ("Rumo")
- Cash-generating unit of other businesses ("Others")

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

Accounting value of Goodwill	06.30.2011	03.31.2011
Cash-generating unit Raizen Energia	1,195,228	1,433,982
Cash-generating unit Raizen Combustiveis	722,400	755,524
Cash-generating unit Rumo	63,812	63,814
Cash-generating unit Others	571,109	-
Total goodwill	2,553,549	2,253,320

15. Loans and long-term debt

Description	Index	Financial charges (1) Annual average interest rate	Parent Company		Consolidated		Maturity Date
			06.30.2011	03.31.2011	06.30.2011	03.31.2011	
Senior Notes Due 2014	US Dollar	Interest of 9.5%	-	-	282,925	576,814	July 2014
Senior Notes Due 2017	US Dollar	Interest of 7.0%	-	-	321,266	658,954	February/2017
BNDES	URTJLP	Interest of 2,6%	-	-	655,750	1,308,034	October 2025
	Prefixed	Interest of 4,5%	-	-	145,940	242,508	July 2020
	UMBND	-	-	-	17,964	38,947	July 2019
	US Dollar	Interest of 7,1%	-	-	20	-	November 2012
Bank credit certificate	CDCA	Interest of 0.6%+CDI	-	-	15,388	31,378	December 2011
ACC	US Dollar	Interest of 1,7%	-	65,215	298,227	228,229	March 2012
Perpetual notes	US Dollar	Interest of 8.3%	-	741,553	475,023	1,236,209	November/2015
Resolution 2471 (PESA)	IGP-M	Interest of 3,95%	-	110,361	307,336	674,392	April/2023
Rural Credit	Prefixed	Interest of 3.0%	-	114	57	114	October 2025
	Prefixed	Interest of 6,7%	-	31,168	46,945	92,352	October 2011
Working capital	US Dollar	Party 2,15%	-	-	349,690	-	March 2013
			-	-	272	-	March 2013
			-	-	7,752	-	March 2013
Pre payments	US dollar + Libor	Interest of 6.0%	-	244,493	331,265	736,472	February/2016
Credit notes	125,0% CDI	-	311,697	303,028	311,697	303,719	February/2014
	US Dollar	Interest of 4.6%	-	167,196	145,598	314,105	February/2013
Finame	Prefixed	Interest of 19,7%	-	-	-	10,142	October/2012
	Prefixed	Interest of 4.9%	-	-	427,336	517,842	July 2020
	URTJLP	Interest of 2,8%	-	-	203,412	187,336	March 2021
	US Dollar	Interest of 7.4%	-	-	30	-	November 2012
Others	BRL	Interest of 4,5%	-	-	60	-	April/2015
	Miscellaneous	Miscellaneous	-	-	-	62,294	Miscellaneous
Expenses incurred with security placement				(1,366)	(17,506)	(28,546)	-
			311,697	1,661,762	4,326,447	7,191,295	
Current				(110,526)	(627,091)	(916,400)	
Non-current			311,697	1,551,236	3,699,356	6,274,895	

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

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All loans and long-term debt are guaranteed by promissory notes and endorsements, besides other guarantees such as: i) credit rights originated from the 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	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
13 to 24 months		223,578	743,539	745,454
25 to 36 months	311,697	363,953	817,921	762,649
37 to 48 months		60,926	289,476	1,010,797
49 to 60 months		60,992	647,177	777,963
61 to 72 months		8	458,870	878,092
73 to 84 months		8	163,943	222,289
85 to 96 months		19,443	285,104	453,711
As from 97 months		822,328	293,326	1,423,940
	311,697	1,551,236	3,699,356	6,274,895

PESA - Resolution 2471

From 1998 to 2000, the Company, through its subsidiaries and jointly controlled entities, 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 6.

Senior Notes due in 2014

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

Senior Notes due in 2017

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

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BNDSE

BNDSE refers to the financing of cogeneration projects, in addition to the financing of Greenfields (sugar and ethanol mills).

Perpetual notes

On January 24 and February 10, 2006, the Company issued perpetual notes which are listed on the Luxembourg Stock Exchange - EURO MTF. These Perpetual notes were repurchased in May 2011 as part of financial restructuring for the joint venture. In order to repurchase these bonds, working capital was raised, as described below.

On November 5, 2010, the subsidiary Cosan Overseas Limited issued US\$ 300 million of perpetual notes in the international market, in accordance with "Regulations S", which are subject to interest of 8.25% per annum, payable on a quarterly basis.

Export Prepayment

Between 2009 and 2011, the Company, through its subsidiaries and jointly controlled entities, entered into multiple export pre-payment agreements with several institutions. These export pre-payment agreements will be for funding of future sugar exports which will be settled between 2013 and 2016.

Working capital

On May 16, 2011, the Company, through its joint venture Raizen Energia, raised US\$ 450 million of debt through a syndicate bank to replace the issuance of perpetual notes in 2006. The debt has a term of two years, with a quarterly prepayment clause and interest at a rate of Libor + 2.15% per annum.

Advance Against Exchange Agreements and Credit Note

Advances for exchange agreements and credit notes were entered into with several Financial Institutions and will be settled through exports made throughout 2011 to 2014. These operations are subject to interest payable semiannually and at their respective maturity dates.

Finame

Finame borrowings are financing related to machinery and equipment related. These loans are subject to interest, payable on a monthly basis and are secured by the underlying financed assets.

Covenants

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The Company, including its subsidiaries and jointly controlled entities, are subject to certain restrictive financial covenants set forth in existing loans and financing agreements. For the quarter ended as at June 30, 2011, the Company, its subsidiaries and jointly controlled were in compliance its debt covenants

16. Taxes and contributions payable

	Parent Company		Consolidated	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
ICMS – State VAT	-	7,268	67,554	72,265
IPI	-	843	4,076	30,661
INSS	3,139	5,828	22,999	25,309
PIS	-	-	13,438	7,229
COFINS	-	-	67,533	33,721
Recovery program – REFIS IV ⁽¹⁾	619,755	100,768	1,184,592	670,645
PAEX Installments ¹²⁰	-	-	840	-
Recovery program – PAES	968	-	1,707	294
Income Taxes	(218)	-	(23,208)	20,928
Other	4,503	7,768	30,565	23,303
	628,147	122,475	1,370,095	884,355
Current	(18,859)	(33,758)	(247,108)	(245,284)
Non-current	609,288	88,717	1,122,987	639,071

⁽¹⁾ In June 2011 the subsidiary Cosan SA Lubrificantes e Especialidades, the current name of Cosan Combustíveis e Lubrificantes S.A., the successor entity Esso Brasileira de Petróleo Ltda. ("Essobrás"), consolidated tax liabilities included in the special program of federal debt installment ("Refis IV") amounting to R \$ 537,703, as determined by ExxonMobil Brazil Holdings BV (former owner of Essobrás and contractually responsible for these liabilities). As a result, the Company recognized an obligation to pay tax and a corresponding accounts receivable from ExxonMobil Brazil Holdings BV with the same amount under "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	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
13 to 24 months	87,115	11,080	139,371	67,848
25 to 36 months	54,898	7,335	91,784	61,205
37 to 48 months	54,516	7,199	91,517	60,396
49 to 60 months	54,325	6,870	91,302	60,008
61 to 72 months	54,325	6,489	91,248	52,243
73 to 84 months	54,325	6,489	90,422	46,707
85 to 96 months	54,325	6,489	90,228	45,799
As from 97 months	195,459	36,766	437,114	244,865
	609,288	88,717	1,122,987	639,071

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17. Income and social contribution taxes

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

	Parent Company		Consolidated	
	06.30.2011	06.30.2010	06.30.2011	06.30.2010
Pretax Income	2,292,378	(17,918)	3,527,071	13,159
Income tax and social security contribution at nominal rate (34%)	(779,409)	6,092	(1,199,204)	(4,474)
Adjustments made for determining the effective rate:				
Equity income from associates			667	1,958
Other	807,077 (20,722)	12,940 (700)	(26,103)	(8,484)
Total of deferred and current taxes	<u>6,946</u>	<u>18,332</u>	<u>(1,224,640)</u>	<u>(11,000)</u>
Effective rate	0.30%	102.31%	34.72%	83.59%

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

	Parent Company				03.31.2011
	06.30.2011				
<u>Assets</u>	Base	IRPJ 25%	CSLL 9%	Total	
Tax losses:					
Tax losses	397,595	99,399	-	99,399	110,195
Negative social contribution	397,696	-	35,793	35,793	39,679
Temporary differences:					
Provisions for litigation and other temporary differences	39,610	9,903	3,565	13,467	65,616
	<u>834,901</u>	<u>109,301</u>	<u>39,358</u>	<u>148,658</u>	<u>215,490</u>
Liabilities					
Temporary differences:					
Exchange rate	(741,325)	(185,332)	(66,719)	(252,050)	(233,100)
Goodwill	(52,335)	(13,084)	(4,710)	(17,794)	(35,194)
Provisions and other temporary differences	(250,550)	(62,638)	(22,550)	(85,187)	(194,545)
	<u>(1,044,210)</u>	<u>(261,053)</u>	<u>(93,979)</u>	<u>(355,031)</u>	<u>(462,841)</u>
Total deferred taxes	<u>(209,309)</u>	<u>(151,751)</u>	<u>(54,621)</u>	<u>(206,372)</u>	<u>(247,349)</u>

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	Consolidated			06.30.2011	03.31.2011
	Base	IRPJ 25%	CSLL 9%	Total	
Assets					
Tax losses:					
Tax losses	1,976,065	494,016	-	494,016	273,555
Negative social contribution	1,992,614	-	179,335	179,335	99,609
Temporary differences:					
Provisions for legal proceedings and other temporary differences	-	-	-	-	332,553
Temporary differences from IFRS adoption:	1,038,317	259,579	93,449	353,029	9,616
	5,006,996	753,595	272,784	1,026,380	715,333
Liabilities					
Temporary differences:					
Exchange rate	(865,060)	(216,265)	(77,855)	(294,120)	(274,189)
Depreciation	(27,336)	(6,834)	-	(6,834)	(4,596)
Goodwill	(415,923)	(103,981)	(37,433)	(141,414)	(252,323)
Temporary differences from IFRS adoption:					
Business Combination	(4,794,736)	(1,198,684)	(431,526)	(1,630,210)	(626,913)
Fixed asset deemed cost	(3,577,410)	(894,353)	(321,967)	(1,216,320)	(344,686)
Intangible assets	(1,417,413)	(354,353)	(127,567)	(481,920)	(381,558)
Others	200,088	50,022	18,008	68,030	99,331
JV formation gains	(3,673,480)	(918,370)	(330,613)	(1,248,983)	
Atributed costs	(366,151)	(91,538)	(32,954)	(124,492)	(124,490)
Others effects	(295,104)	(73,776)	(26,559)	(100,336)	(228,454)
	(10,437,789)	(2,609,448)	(936,940)	(3,546,390)	(1,510,965)
Total deferred taxes, net	(5,430,793)	(1,855,853)	(664,156)	(2,520,010)	(795,632)

The assets of deferred income taxes should be realized within 10 years, according to expectations of the Company and its subsidiaries for future profitability, as demonstrated in the financial projections prepared by the Company's management.

Income tax losses carried forward and social contribution tax losses may be offset against a maximum of 30% of annual taxable income earned, with no statutory limitation period.

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18. Provision for legal proceedings

	Parent Company		Consolidated	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
Tax	125,963	39,774	569,823	418,744
Civil	34,940	10,485	176,057	82,599
Labor	138,631	27,883	194,966	164,939
	<u>299,534</u>	<u>78,142</u>	<u>940,846</u>	<u>666,282</u>

Changes in the provision for legal proceedings:

	Parent Company			
	Tax	Civil	Labor	Total
At March 31, 2011	39,774	10,485	27,883	78,142
Provisions for the period	85,919	25,505	121,672	233,096
Settlements	(1,723)	(1,926)	(5,168)	(8,817)
Write offs/Reversals	(118)	(89)	(7,781)	(7,988)
Monetary variation	2,111	965	2,025	5,101
At June 30, 2011	<u>125,963</u>	<u>34,940</u>	<u>138,631</u>	<u>299,534</u>

	Consolidated			
	Tax	Civil	Labor	Total
At March 31, 2011	418,744	82,599	164,939	666,282
Provisions for the period	21,954	10,626	18,165	50,745
Settlements	(1,723)	(2,077)	(5,911)	(9,711)
Write offs/Reversals	(117)	(9,264)	(8,235)	(17,616)
Effect of proportional consolidation of Raizen	124,872	90,892	22,768	238,532
Monetary variation	6,093	3,281	3,240	12,614
At June 30, 2011	<u>569,823</u>	<u>176,057</u>	<u>194,966</u>	<u>940,846</u>

The lawsuits and contingencies existing until the establishment of the joint ventures will be under the responsibility of their shareholders. Any disbursements incurred by the jointly controlled subsidiaries will be subject to refund. The lawsuits and contingencies which may take place after the date of establishment of the joint ventures will be under the responsibility of the jointly controlled subsidiaries.

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Judicial demands considered as probable losses

a) Tax claims

The major tax legal proceeding as of June 30, 2011 and March 31, 2011 are described as follows:

Description	Parent Company		Consolidated	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
IPC – 89 (i)	-	-	80,673	80,273
Finsocial offsetting (ii)	-	-	186,710	183,706
Cide (iii)	-	-	93,725	-
ICMS credits	42,184	7,205	67,924	56,880
Other	83,779	32,569	140,791	97,885
	<u>125,963</u>	<u>39,774</u>	<u>569,823</u>	<u>418,744</u>

- (i) In 1993 subsidiary Cosan CL filed a suit to challenge the balance sheet restatement index (IPC) established by the federal government in 1989, considering that 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 CL 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 which led the Company to record a provision in relation to those court rulings.
- (ii) From September through March 1994, subsidiary Conan CLE offset COFINS and several other taxes with previously paid amounts of FINSOCIAL. This offsetting was backed in a preliminary order issued by a court of competent jurisdiction in a suit brought to challenge the constitutionality of FINSOCIAL.

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

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

- (iii) The jointly controlled subsidiary, Raizen Combustíveis, while named Brazil Shell Limited, made provisions for CIDE on services provided by operations do which were not contributed in the process of establishment of joint venture activities in exploration and production of oil and natural gas. If the jointly controlled subsidiary is not successful in the litigation, the shareholder of Shell will reimburse the jointly controlled subsidiary. The reimbursement to which Raizen is entitled on this demand with the Shell Group is registered as accounts receivable with related parties.
- (iv) The accrued amount in respect to ICMS credits is represented by: (a) notices of violation received, which, though being defended in an administrative or judicial sphere, legal advisers of the Company believe that the chances of loss are likely (b) use of credit and financial charges on issues whose understanding of the management of the Company and tax advisors differs from interpretations by the tax authorities.

b) Civil and Labor

The Company, its subsidiaries and jointly controlled entities are party in several civil actions relating to (i) compensation for material and moral damages, (ii) public civil actions to refrain from burning sugarcane straw and (iii) foreclosures of environmental nature.

The Company, its subsidiaries and jointly controlled entities are also parties in various labor suits by former employees and employees of service providers who question, among others, overtime payments, additional allowance for night work and risk premium, job reintegration, return of payroll deductions such as confederate contribution, union dues and others.

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Contingencies - Court proceedings deemed as possible losses

a) Tax

The main tax claims as at June 30, 2011 and March 31, 2011 for which the unfavorable outcome is deemed possible and, therefore, no provision for legal claims was recorded, are as follows:

	Parent Company		Consolidated	
	06.30.2011	03.31.2011	06.30.2011	03.31.2011
Withholding income taxes (i)	197,337	192,903	197,337	194,498
ICMS – State VAT (ii)	611,377	116,865	1,236,531	490,896
IRPJ / CSSL	-	-	116,342	-
ICMS Tax Foreclosure, Tax Substitution (ii)	-	-	17,095	-
Tax Foreclosure / Credit Abuse	-	-	6,818	-
IPI – Federal VAT (iii)	273,204	10,944	333,324	270,817
Compensation with IPI credits – IN 67/98 (iv)	184,439	-	184,439	181,292
IAA – Sugar and Ethanol Institute	2,600	-	2,600	9,107
INSS – social security and other(v)	71,598	58,606	72,361	72,616
PIS and COFINS	171,711	20,425	460,017	163,129
Other	179,165	59,991	192,265	197,884
	<u>1,688,831</u>	<u>459,734</u>	<u>2,816,529</u>	<u>1,571,132</u>

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

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

(ii) ICMS - State VAT

Refers mainly to (i) Notice of infringement recorded by reason of an alleged lack of ICMS collection and breach of ancillary obligation, during a farming and tolling operation in partnership with Central Paulista Açúcar e Alcool Ltda., in the period from May to March 2006 and May to March 2007 and (ii) ICMS levied on outputs of crystallized sugar intended for export. According to the fiscal agent, this product falls under semi-prepared commodities and, according to ICMS regulations, would likely be subject to taxation, and (iii) ICMS on alleged differences in inventories of sugar and alcohol, derived from magnetic tax files and Inventory Register Books and (iv) notices of violation related to the recovery of the differential ICMS rate, brought about by ethanol sales to companies located in other states of Brazil, which, superveniently, had their State Registration annulled and (v) ICMS demands brought about by disallowances of diesel fuel used in the agro-industrial production process.

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(iii) IPI - Tax on Manufactured Goods

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

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

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

After notification to pay the debts subject to compensation, in view of the changes introduced by IN SRF No. 210/02, the Company filed a Writ of security by a preliminary injunction to suspend the enforceability of tax offset, in order to prevent public administration from running the charges. The injunction was granted by the competent court. The general counsel of the Company, which sponsors this process, considered the risk of loss in this process as possible.

(v) INSS

Refers to notices received and being defended at the administrative sphere, especially the on requirement of social security contributions levied on: (a) stock option plans, (b) billings of export sales, (c) billings in resale of materials for companies within the same economic group and suppliers.

PIS and COFINS

Refer, substantially, to disallowances of PIS and COFINS by a non-cumulative system provided for in Laws 10.637/2002 and 10.833/2003, respectively. Disallowances like this these arise, in summary, from the restrictive interpretation of the Federal income office of the concept of "inputs", as well as from differences over the interpretation of those laws. Such questions are still held at an administrative sphere.

The cleared and updated amount as of June 30, 2011 was R\$184,439 (R\$182,624 on March 31, 2011). Similarly, the Company has the same claim before the Brazilian Internal Revenue Service, whose offset and updated amount until 30 June 2011 was

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to R\$12,479 (R\$12,360 on March 31, 2011). Supported by assessment of its legal counsel, the management does not see the need for accounting provision regarding this lawsuit.

b) Civil and Labor

The main civil and labor lawsuits, whose probability of loss is possible and, consequently, no provision for legal proceedings has been recognized in the quarterly information, and whose nature are similar to those mentioned above, are highlighted below:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06.30.2011</u>	<u>03.31.2011</u>	<u>06.30.2011</u>	<u>03.31.2011</u>
Civil	243,818	59,036	1,232,451	377,608
Labor	304,834	60,770	342,541	302,289
	<u>548,652</u>	<u>119,806</u>	<u>1,574,992</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 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.

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 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

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companies requested further clarification on the decision in order to submit applicable appeals to the Superior Labor Court - TST. "

Shell 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 stress 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.

19. Equity

a) Capital stock

The authorized capital may be increased up to the limit of R\$5,000,000, regardless of any amendment to the by-laws, by the decision of the Board of Directors, who have the authority to fix the number of shares to be issued, the issue price and the other subscription and paying-in conditions of the shares within the authorized capital.

Subscribed and fully paid-in capital as at June 30, 2011 and March 31, 2011 is represented by 407,214,353 book-entry registered common shares, without par value. On June 30, 2011 and March 31, 2011 the Company had 934.539 shares in treasury.

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c) Earnings per share

Earnings per share is calculated by dividing net income by the average weighted number of outstanding common shares during the year. Diluted earnings per share is calculated by the average adjustment of the shares in circulation for the impact of the conversion of all the potentially diluting options.

The following table establishes the calculation of profit per share for the quarters ended on June 30, 2011 and 2010 (in thousands, except for values per share):

Basic:

	<u>06.30.2011</u>	<u>06.30.2010</u>
Numerator		
Net income for the period	2,299,323	414
Denominator:		
Weighted average number of outstanding common shares	406,279,754	406,217,178
Denominator for diluted earnings per share	406,279,754	406,217,178
Basic profit per common share	5,659	0,001

Diluted

	<u>06.30.2011</u>	<u>06.30.2010</u>
Numerator		
Net income of the period	2,299,323	414
Denominator		
Weighted average number of common shares	406,279,754	406,217,178
Potential increase in the common shares	-	653,976
Denominator for diluted earnings per share	406,279,754	406,871,154
Diluted earnings per common share	5.659	0.001

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20. Result of establishment of the Joint Ventures (Raízen Energia and Raízen Combustíveis)

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

The establishment of Raízen Energia and Raízen Combustíveis was aimed at creating one of the world's largest producers of sugar, ethanol and sugarcane based bio-energy as well as one of the largest fuel distributors in the Brazilian market.

On formation of the joint ventures, the Company contributed its sugar and ethanol and distribution businesses, and therefore was required to deconsolidate the relevant assets and liabilities and recognize the remaining stake at fair value.

The deconsolidation process of the contributed businesses on June 1, 2011, and the recognition of the new stake at fair value produced a gain of R\$ 3,315,119 which was recognized in the quarter and shown below:

Fair value of the remaining stake in the joint ventures	8,059,870
Book value of the businesses (assets and liabilities) contributed	(4,195,129)
Gain on the setting up of the joint ventures	3,864,741
Other effects:	
Write off of non-contributed recoverable taxes	(83,465)
Write-off of goodwill balances related to businesses contributed to the new JVs	(193,633)
Write off of other comprehensive income related to hedge accounting	(98,858)
Establishment of contractual provisions	(80,000)
Others (consultancy fees, severance, among others)	(93,666)
	<hr/>
Profit resulted from the establishment of the joint ventures	3,315,119

- (a) According to the appraisal report prepared by independent appraisers
- (b) Recoverable taxes registered in the parent company, regarded as not being receivable, and which, if received will be reimbursed to Raízen Energia.

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Given that Cosan opted to proportionally consolidate the joint ventures, the fair value of the remaining stake was allocated to these entities' assets and liabilities at fair value for the purpose of determining the goodwill resulting from this transaction, as shown below:

	Raizen Energia	Raizen Combustíveis	Total
Fair value of assets and liabilities (a):			
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
Derivative financial instruments	114,204		114,204
Inventories	750,611	864,227	1,614,838
Payment of capital receivable	1,853,969		1,853,969
Other assets	3,170,324	2,437,406	5,607,730
Investments	133,186		133,186
Biological assets	1,607,170		1,607,170
Property, plant and equipment	9,827,775	3,243,190	13,070,965
Intangible.	191,180	1,738,871	1,930,051
Loans and financing	(5,574,083)	(929,471)	(6,503,554)
Suppliers	(488,209)	(518,031)	(1,006,240)
Taxes payable	(889,575)	(78,360)	(967,935)
Other liabilities	(3,779,444)	(3,250,635)	(7,007,478)
Non controlling interests	(78,236)	(35,527)	(113,763)
Net assets at fair value (a):	7,656,731	4,627,753	12,284,484
Cosan's stake - 50%	3,828,366	2,313,876	6,142,242
Goodwill allocated (a)	1,195,228	722,400	1,917,628
Fair value of the remaining stake in the joint ventures	5,023,594	3,036,276	8,059,870

(a) Preliminary Values.

The total goodwill verified in the transaction (R\$1.917.628) was allocated to the Raizen Energia and Raizen Combustíveis segments in the proportion to the net assets at fair value of the respective investments.

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21. Gross operating profit

	Parent Company		Consolidated	
	06.30.2011	06.30.2010	06.30.2011	06.30.2010
Gross revenue from the sale of goods and services	64	592,071	5,597,842	4,369,376
Indirect taxes and deductions	-	(28,265)	(409,862)	(369,754)
Net revenue	<u>64</u>	<u>563,806</u>	<u>5,187,980</u>	<u>3,999,622</u>

22. Net financial results

	Parent Company		Consolidated	
	06.30.2011	06.30.2010	06.30.2011	06.30.2010
<u>Financial Expenses</u>				
Interest	(90,498)	(66,799)	(103,143)	(140,980)
Monetary variation (loss)	-	(2,821)	(3,775)	(17,653)
Bank expenses	(43)	(46)	(3,161)	(648)
	<u>(90,541)</u>	<u>(69,666)</u>	<u>(110,079)</u>	<u>(159,281)</u>
<u>Financial income</u>				
Interest	3,764	10,970	21,284	26,958
Monetary variation (income)	-	895	(5,426)	8,080
Investment income	6,637	2,251	17,383	17,966
Discounts earned	-	10	59	211
	<u>10,401</u>	<u>14,126</u>	<u>33,300</u>	<u>53,215</u>
<u>Exchange variation</u>				
Exchange variation	42,088	(21,964)	58,774	(32,226)
	<u>42,088</u>	<u>(21,964)</u>	<u>58,774</u>	<u>(32,226)</u>
Net impact of derivatives (1),(2)				
Commodity derivatives	25	(9,323)	22,525	13,377
Exchange and interest derivatives	(4,021)	(13,813)	6,691	(5,587)
	<u>(3,996)</u>	<u>(23,136)</u>	<u>29,216</u>	<u>7,790</u>
	<u>(42,048)</u>	<u>(100,640)</u>	<u>11,211</u>	<u>(130,503)</u>

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

(2) Includes realized and unrealized earnings from operations on futures, options, swaps and NDF markets, in addition to effects from non-designated instruments and from the ineffective portion of hedge accounting.

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23. Financial instruments

Financial risk management

a) **Overview**

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

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

This note presents information about the Company 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 management structure**

The Company has two committees related to risk management: (i) Risk management committee, formed by three Board Directors' members, one of them independent member, that meet, at least once by year, to discuss and determine the Company's hedge policies; (ii) Executive risk committee, formed by management of the Company, that meets on a weekly basis to analyze the foreign exchange and commodities market trends. The committee also reviews cover positions and the strategy of pricing exports of sugar in order to reduce the adverse effects of changes in sugar prices and the foreign exchange rate as well as monitoring the liquidity risks and counterparty (credit).

The Company is exposed to market risks, mainly related to the volatility of sugar prices and foreign exchange rates. Management analyzes these risks and uses financial instruments to hedge a portion of the risk exposure.

On June 30, 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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	Notional		Fair Value		Result (*)
	Jun 30 2011	Mar 31 2011	Jun 30 2011	Mar 31 2011	
Raízen Energia					
Price risk					
Commodity Derivatives					
Futures Contracts	451,847	-	(65,874)	-	(65,874)
Options:	7,977	-	(18,874)	-	(18,874)
			<u>(84,748)</u>	<u>-</u>	<u>(84,748)</u>
Exchange rate risk					
Exchange rate derivatives					
Futures Contracts	322,000	-	3,688	-	3,688
Forward contract:	426,000	-	59,280	-	59,280
			<u>62,968</u>	<u>-</u>	<u>62,968</u>
TOTAL Raízen Energia			<u>(21,780)</u>	<u>-</u>	<u>21,780</u>
Consolidated Cosan (50% Raízen Energia)			<u>(10,890)</u>	<u>-</u>	<u>(10,890)</u>
Derivatives on parent company and controlled					
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)	-
Forward contract:	111,384	694,599	(23,146)	9,900	(10,113)
			<u>(23,146)</u>	<u>9,783</u>	<u>(10,113)</u>
Total Cosan (Including 50% Raízen Energia)			<u>(34,036)</u>	<u>-</u>	<u>(21,003)</u>
Total Assets			<u>60,238</u>		
Total Liabilities			<u>(94,274)</u>		

(*) Values of results verified in the three month period ended on June 30, 2011, only derivatives open on this date

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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:

Price risk: commodities derivatives outstanding on June, 30 2011 - Raizen Energia S/A											
Derivatives	Long/Short	Market	Contract	Maturity	Quantity	Strike	Average Price	Fair Value	Notional	Notional	Fair Value
									(units)	(R\$thousands)	(R\$thousands)
Future	Short	LIFFE	Sugar#5	01/Ago/11	234	-	¢/T715.38	¢/T739.00	11,700T	6,533	(432)
Future	Short	NYBOT	Sugar#11	01/Out/11	12.786	-	¢/lb21.81	¢/lb26.34	649,559T	243,824	(101,194)
Future	Short	NYBOT	Sugar#11	01/Mar/12	3.899	-	¢/lb23.91	¢/lb25.71	198,079T	81,500	(12,268)
Future	Short	NYBOT	Sugar#11	01/Mai/12	48	-	¢/lb25.18	¢/lb24.99	2,439T	1,057	16
Future	Short	NYBOT	Sugar#11	01/Jul/12	966	-	¢/lb23.49	¢/lb24.49	49,075T	19,837	(1,694)
Future	Short	NYBOT	Sugar#11	01/Out/12	244	-	¢/lb23.23	¢/lb24.03	12,396T	4,956	(340)
Futures of sugar sold									923,247T	357,706	(115,912)
Future	Long	NYBOT	Sugar#11	01/Out/11	2.359	-	¢/lb22.02	¢/lb26.34	(119,843T)	(45,412)	17,818
Future	Long	NYBOT	Sugar#11	01/Mar/12	2.702	-	¢/lb18.99	¢/lb25.71	(137,268T)	(44,851)	31,760
Future	Long	NYBOT	Sugar#11	01/Mai/12	139	-	¢/lb23.21	¢/lb24.99	(7,062T)	(2,821)	432
Future	Long	NYBOT	Sugar#11	01/Jul/12	50	-	¢/lb24.18	¢/lb24.49	(2,540T)	(1,057)	28
Futures of sugar purchased									(266,713T)	(94,140)	50,038
Sugar futures									656,535T	263,566	(65,874)
Call	Long	NYBOT	Sugar#11	01/Jul/12	1.700	31	¢/lb0.68	¢/lb1.25	(86,364T)	(1,004)	3,716
Call purchased									(86,364T)	(1,004)	3,716
Call	Short	NYBOT	Sugar#11	01/Out/11	850	21	¢/lb0.64	¢/lb5.62	43,182T	472	(8,352)
Call	Short	NYBOT	Sugar#11	01/Out/11	1.100	21,5	¢/lb1.82	¢/lb5.19	55,883T	1,750	(9,982)
Call	Short	NYBOT	Sugar#11	01/Jul/12	2.075	31	¢/lb1.42	¢/lb1.25	105,415T	2,570	(4,534)
Call sold									204,480T	4,792	(22,868)
Put	Long	NYBOT	Sugar#11	01/Out/11	850	18	¢/lb0.64	¢/lb0.07	43,182T	472	104
Put	Long	NYBOT	Sugar#11	01/Out/11	1.100	18,5	¢/lb1.78	¢/lb0.09	55,883T	1,709	174
Put purchased									99,065T	2,181	278
Sugar options											(18,874)
Raizen Energia goods										269,535	(84,748)
											(42,374)

The fair value of these derivatives was measured by observable factors, such as quoted prices in active markets and, in some cases, by means of models whose assumptions are observable in the market.

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d) Foreign Exchange risk

This arises from the possibility of fluctuations in the exchange rates of the foreign currencies used by the Company for the export revenues of products, imports, debt cash flow and other assets and liabilities denominated in a foreign currency. The Company uses 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 June 30, 2011 of derivatives used to hedge exchange rates:

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Held by company and cotrolling companies

Forward	Long	OTC	NDF	4-Aug-11	1	R\$ 1,780 /US\$	R\$ 1,677 /US\$	USD (6.188)	(11.014)	(1.257)
Forward	Long	OTC	NDF	4-Nov-11	1	R\$ 1,818 /US\$	R\$ 1,713 /US\$	USD (6.188)	(11.246)	(1.247)
Forward	Long	OTC	NDF	3-Feb-12	1	R\$ 1,857 /US\$	R\$ 1,751 /US\$	USD (6.188)	(11.489)	(1.244)
Forward	Long	OTC	NDF	4-May-12	1	R\$ 1,894 /US\$	R\$ 1,790 /US\$	USD (6.188)	(11.722)	(1.219)
Forward	Long	OTC	NDF	3-Aug-12	1	R\$ 1,936 /US\$	R\$ 1,828 /US\$	USD (6.188)	(11.978)	(1.208)
Forward	Long	OTC	NDF	1-Nov-12	1	R\$ 1,978 /US\$	R\$ 1,866 /US\$	USD (6.188)	(12.239)	(1.213)
Forward	Long	OTC	NDF	4-Feb-13	1	R\$ 2,021 /US\$	R\$ 1,906 /US\$	USD (6.188)	(12.504)	(1.220)
Forward	Long	OTC	NDF	3-May-13	1	R\$ 2,059 /US\$	R\$ 1,946 /US\$	USD (6.188)	(12.739)	(1.203)
Forward	Long	OTC	NDF	2-Aug-13	1	R\$ 2,101 /US\$	R\$ 1,992 /US\$	USD (6.188)	(12.997)	(1.161)
Forward	Long	OTC	NDF	4-Nov-13	1	R\$ 2,142 /US\$	R\$ 2,039 /US\$	USD (6.188)	(13.256)	(1.109)
Forward	Long	OTC	NDF	4-Feb-14	1	R\$ 2,185 /US\$	R\$ 2,085 /US\$	USD (6.188)	(13.521)	(1.068)
Forward	Long	OTC	NDF	2-May-14	1	R\$ 2,221 /US\$	R\$ 2,116 /US\$	USD (6.188)	(13.743)	(1.068)
Forward	Long	OTC	NDF	4-Aug-14	1	R\$ 2,263 /US\$	R\$ 2,125 /US\$	USD (6.188)	(14.002)	(1.190)
Forward	Long	OTC	NDF	4-Nov-14	1	R\$ 2,305 /US\$	R\$ 2,134 /US\$	USD (6.188)	(14.261)	(1.308)
Forward	Long	OTC	NDF	4-Feb-15	1	R\$ 2,343 /US\$	R\$ 2,143 /US\$	USD (6.188)	(14.497)	(1.407)
Forward	Long	OTC	NDF	4-May-15	1	R\$ 2,380 /US\$	R\$ 2,150 /US\$	USD (6.188)	(14.726)	(1.514)
Forward	Long	OTC	NDF	4-Aug-15	1	R\$ 2,425 /US\$	R\$ 2,155 /US\$	USD (6.188)	(15.003)	(1.675)
Forward	Long	OTC	NDF	4-Nov-15	1	R\$ 2,465 /US\$	R\$ 2,159 /US\$	USD (6.188)	(15.254)	(1.836)
Sub-total of Forward purchased									(236.190)	(23.146)
Total of Exchange										8.338

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e) Effects of hedge accounting

The Company formally designates 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 Company 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 June 30, 2011, the amounts recorded in other comprehensive income related to hedge accounting are as follows:

Derivative	Market	Risk	Realization Year		
			2011/12	2012/13	Total
Future	OTC/NYBOT	#11	(41,210)	(3,755)	(44,965)
NDF	OTC/CETIP	USD	(13,860)	763	(13,097)
			(55,070)	(2,992)	(58,062)
(-) IR/CS deferred			18,724	1,017	19,741
	Efeito no patrimônio líquido		(36,346)	(1,975)	(38,321)

Below we show the movement in the balances in other comprehensive results during the period:

Cash Flow Hedge	30.06.2011
Balance on March 31, 2011.	(143,298)
Gains and losses occurring during the period:	
Futures and commodity swap contracts	(1,194)
Forward foreign exchange contracts (NDF)	60,255
Adjustments of reclassification of losses/gains included in the fiscal year's results (income from sales/financial results)	(999)
Write off due to deconsolidation and the setting up of the Joint Venture	98,858
Total effect on the equity evaluation adjustment resulting from cash flow hedge (before deferred IR/CS)	156,920
Effect of the deferred IR/CS on the equity evaluation adjustment	(53,353)
Tax effect on gain/(losses) of cash flow hedges for the period – 34%	103,567
Balance on June 30, 2011	(39,731)

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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. As of June 30, 2011, the Company, its subsidiaries and jointly controlled entities did not have any positions open.

g) Credit risk

A significant portion of sales made by the Company 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 buys and sells foreign exchange derivatives on BM&FBovespa and OTC contracts registered with CETIP (OTC clearing house) with banks Goldman Sachs & Co, Banco Santander S.A., Espirito Santo Investment do Brasil S.A., Deutsche Bank S.A. – Banco Alemão, Banco Bradesco S.A., Banco JP Morgan S.A., Banco Standard de Investimentos S.A., e Banco BTG Pactual 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. Over-the-counter derivative transactions of the Company are exempt from margin guarantees.

h) Liquidity risk

Liquidity risk is the risk that the Company 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 June 30, 2011, the Company, its subsidiaries and the jointly controlled entities, 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 conducting normal 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.

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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 value of the Senior Notes maturing in 2014 and 2017, as described in Note 15, according to their market value, were 115.5% and 106.0%, respectively, of their face value at June 30, 2010.

The fair value of Perpetual Notes as described in Note 100.6%, according to their market value, was 99.25% of their face value at June 30, 2011.

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

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

The Company enters 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 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.

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Fair Value Hierarchy

The Company has 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.

Assets and Liabilities valued at fair value	Tier 1	Tier 2	Total
June 30, 2011			
<i>Warrants Radar</i>	-	158,887	158,887
Derivative financial assets	30,556	29,682	60,238
Derivative financial liabilities	(70,585)	(23,689)	(94,274)
Total	(40,029)	5,993	(34,036)
March 31, 2011			
<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)

k) Sensitivity analysis

Pursuant to CVM Rule N° 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:

Assumptions for the Sensitivity Analysis

For the sensitivity analysis the Company and its jointly controlled entities utilized three scenarios, one of which is probable, which is presented below, and two that exhibit deterioration effects on the fair value of the financial instruments. The probable scenario was defined based on the curves of the futures markets for sugar and the US dollar on June 30, 2011, the same as that which determines the balance of the fair value of the derivatives on that date. The possible and remote adverse scenarios were defined by using adverse impacts of 25% and 50% on the price curves of sugar and the US dollar, which were taken into account as a basis for the probable scenario.

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Sensitivity analysis

Below we present a sensitivity analysis over the variation in the fair value of the Company's derivative financial instruments in the probable, possible and remote scenarios:

Risk factor	Impact on the result (*)			
	Probable Scenario	Possible Scenario (25%)	Remote Scenario (50%)	
Price Risk				
Commodities derivatives				
Future:				
Sold commitments	Increase in sugar price	(57,956)	(103,915)	(207,831)
Purchased commitments	Decrease in sugar price	25,019	(29,790)	(59,579)
Options contracts:				
Purchaseoptions purchased	Increase in sugar price	1,858	(1,582)	(1,851)
Purchase options Sold	Increase in sugar price	(11,434)	(15,369)	(33,081)
Put Options Purchased	Increase in sugar price	139	(131)	(138)
Exchange rate risk				
Exchange rate derivatives				
Future:				
Sale commitments	R\$ / US exchange rate appreciation	4,126	(184,905)	(369,780)
Sale commitments	R\$ / US exchange rate appreciation	(542)	(5,902)	(11,804)
Purchased commitments	US / R\$ exchange rate appreciation	(1,782)	(123,391)	(246,796)
Purchased commitments	US / R\$ exchange rate appreciation	42	(601)	(1,202)
Foward agreements:				
Sale commitments	R\$ / US exchange rate appreciation	29,640	(82,224)	(164,447)
Purchased commitments	US / R\$ exchange rate appreciation	(23,146)	(47,965)	(207,879)

l) Capital management

Management's policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market and to maintain the future development of the business. Management monitors the returns on capital, which the Company defines as results from operating activities divided by total shareholders' equity, as well as monitoring the level of dividends to shareholders.

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24. Pension plan

a) Pension Fund

Defined Benefit

The subsidiary Cosan Lubricants e Especialidades S.A. supports/funds Futura – a Complementary Pension Fund, which was formerly known as Previd Exxon – a private social security company, the main purpose of which 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 of the 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.

Defined contribution

Starting on June 1, 2011 the companies of the Grupo Cosan began to support/fund the Retirement Plan Futura, managed by Futura II – a Complementary Pension Fund, the main purpose of which is to generate long-term savings to complement retirement benefits. This plan is of the 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. As at June 30, 2011 no contributions had yet been made to the plan by the sponsoring company.

Starting on June 1, 2011 Raizen began to support/fund the Plano de Benefícios Raiz (Raiz Benefits Plan), which is managed by Raiz Prev – a private social security entity, the main purpose of which is to generate long-term savings, to complement retirement benefits. This plan is of the 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 approved by the relevant authority. As at June 30, 2011 no contributions had yet been made to the plan by the sponsoring company.

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25. Segment Information (consolidated)

a) Information per segment

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

Bearing in mind the establishment of the Joint Venture (as described in note 20), and the new positioning of the business units due to the increase in the importance of the other businesses, Cosan presents four segments, as shown below, with all the operating assets being located in Brazil.

- (i) **Raizen Energia:** its main activity is the production and sale of a variety of sugarcane by-products, including raw sugar (known as VHP), fuel, anhydrous and hydrated ethanol. This segment also contains the activities related to energy cogeneration based on sugarcane bagasse, in addition to stakes in companies involved in research and development of new technologies.
- (ii) **Raizen Combustíveis:** the distribution and sale of fuels mainly through the network of gas stations bearing the brands "Esso" and "Shell" throughout Brazilian territory.
- (iii) **Rumo:** provides logistics services (port lifting, warehousing, storage, elevation), mainly for sugar products.
- (iv) **Cosan other business:** covers distribution activities and the sale of lubricants, investments in agricultural land and other investments, in addition to the corporate structures of the activities of the Grupo Cosan.

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(v)

	06.30.2011					Consolidated
	Raizen Energia	Raizen Combustíveis	Rumo	Cosan other business	Adjustments and exclusions	
Balance sheet:						
Property, plant and equipment			1,031,484			8,260,010
Intangible assets	9,775,652	3,252,163	358,360	714,619	(6,513,908)	4,125,325
Loans, net of cash and cash equivalents	1,384,754	2,538,412	(166,189)	846,264	(4,838,328)	(3,048,288)
Other assets and liabilities, net	(5,062,587)	(63,545)	(186,820)	(319,033)	2,563,066	(478,495)
Total assets (net of liabilities) allocated by segment	1,187,132	(3,040,356)		9,076,900	(9,760,202)	
Total assets	7,284,951	8,767,388	1,036,835	10,318,750	(18,549,372)	8,858,552
	17,118,968	13,813,375	1,930,640	16,222,337	(26,821,961)	22,263,359
Net income for the period (3 months)						
Net Sales			140,953			5,187,980
Internal market	1,637,328	5,129,792	140,953	241,126	(1,961,219)	4,597,212
External market	1,046,561	5,129,792	-	241,126	(1,961,220)	590,768
Gross profit	590,768	-	46,827	-	-	587,981
Sales, general and administrative expenses	352,302	188,863	(9,043)	88,609	(88,620)	(411,223)
Gain on formation of joint ventures	(258,449)	(167,771)	-	(73,542)	97,582	3,315,119
Other Income (expense), Net	-	-	6,319	3,315,119	-	22,022
Financial Income, Net	(10,365)	48,559	4,850	2,307	(24,798)	11,211
Income and social contribution taxes	43,646	23,988	(16,490)	(73,772)	12,499	(1,224,643)
Net Income / (Loss)	(13,258)	(38,578)	31,982	(1,109,226)	(47,091)	2,299,323
Net Income / (Loss)	112,179	70,655		2,175,655	(91,148)	
Other selected information						
Additions to property, plant and equipment, intangible assets and biological assets (cash)	607,700	37,700	108,300	19,300	(64,300)	708,700
Depreciation and amortization (including biological assets)	327,826	84,636	10,165	9,606	(128,616)	(303,617)

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	03.31.2011					
	Raizen Energia	Raizen Combustíveis	Rumo	Cosan other business	Adjustments and exclusions	Consolidated
Balance sheet:						
Property, plant and equipment	5,962,230	862,185	931,997	224,182		7,980,524
Intangible	1,644,350	528,653	358,287	914,385		3,445,674
Loans, net of cash and cash equivalents	(4,723,833)	(589,229)	(99,829)	(533,666)		(5,946,557)
Other assets and liabilities, net	(82,209)	(238,665)	(173,826)	6,664,491	(3,120,489)	1,304,705
Total assets (net of liabilities) allocated by segment	1,056,012	(562,873)	1,016,629	7,269,392	(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

	06.30.2010					
	Raizen Energia	Raizen Combustíveis	Rumo	Cosan other business	Adjustments and exclusions	Consolidated
Net income for the period (3 months)						
Net Sales	1,273,643	2,578,449	105,372	203,177	(161,019)	3,999,622
Internal market	704,148	2,578,449	105,372	203,177	(161,019)	3,430,127
External market	569,495	-	-	-	-	569,495
Gross profit	255,209	108,498	29,566	79,801	3,867	476,941
Sales, general and administrative expenses	(193,144)	(93,378)	(8,035)	(41,360)	(791)	(336,707)
Other Income (expense), Net	-	-	-	-	-	-
Financial Income, Net	(2,279)	(3,210)	7,544	(1,268)	(3,117)	(2,330)
Income and social contribution taxes	(130,931)	(8,682)	(2,109)	(8,657)	19,877	(130,502)
Net Income / (Loss)	20,699	(6,171)	(10,560)	(9,696)	(5,273)	(11,001)
Other selected information	(50,508)	(2,943)	11,720	78,632	(36,486)	415
Additions to property, plant and equipment, intangible assets and biological assets (cash)	569,643	14,850	123,932	-	-	708,425
Depreciation and amortization (including biological assets)	249,651	20,533	7,135	13,690	-	290,874

(*) The information segment of Raizen Energia and Combustíveis represents 100% of the business, regardless of whether the Company has lost full control of business on June 1, 2011 with JV formation. The Sugar and Ethanol segment called Raizen is basically the same information as the "CAA" segment in previous financial statement disclosures. Raizen Combustíveis contains the previous "CCL" operating segment up to 31 May 2011, however, since then, the Raizen Combustíveis segment also includes the fuel business of Shell Brazil Ltda. that has been contributed to this JV.

a) Detailed net sales by segment

	06.30.2011	06.30.2010
Raizen Energia		
Sugar	873,921	829,331
Ethanol	643,799	356,853
Cogeneration	69,712	53,315
Other	49,897	34,144
	<u>1,637,329</u>	<u>1,273,643</u>
Raizen Combustíveis		
Fuel	5,107,909	2,559,103
Other	21,883	19,346
	<u>5,129,792</u>	<u>2,578,449</u>
Rumo		
Port lifting	41,764	35,007
Logistics	96,128	70,278
Other	3,060	87
	<u>140,952</u>	<u>105,372</u>
Cosan – other business		
Lubricants	-	-
Leasing of land	-	-
Other	241,126	203,177
	<u>241,126</u>	<u>203,177</u>
Adjustments/exclusions	1,961,219)	(161,019)
Total	<u>5,187,980</u>	<u>3,999,622</u>

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b) Net Sales by region

The percentage of net sales of the Raízen Energia segment by geographical area is as follows:

	<u>06.30.2011</u>	<u>06.30.2010</u>
Brazil	98.94%	69.27%
(Europe)	0.98%	26.82%
Latin America (others, except Brazil)	0.03%	0.07%
Middle East and Asia	-	2.12%
North America	-	0.37%
Other	0.05%	1.35%
Total	<u>100.00%</u>	<u>100.00%</u>

Net sales from the Raízen Combustíveis and RUMO segments originate exclusively from the domestic market (Brazil) as there are no revenues generated from foreign customers.

26. Subsequent Events

a) Docelar

On July 1, 2011, the Company transferred capital in the amount of R\$85,861 into its Handson Participações S.A., subsidiary, with the aim of acquiring, through this subsidiary and its jointly controlled entity Raízen Energia, control of Docelar Alimentos e Bebidas S.A. ("Docelar"). Docelar concentrates mainly on the industrialization and refining of sugar and the sale of these and other products within the retail segment.

Docelar was created mainly as the result of the partial spin-off of the assets of Raízen Tarumã S.A. (a subsidiary company of Raízen Energia) and the contribution of certain assets directly by the Company's jointly controlled entity, Raízen Energia.

The sale of Docelar to Handson was carried out by means of a share purchase and sale agreement dated July 1, 2011 which defined the sale value at approximately R\$175,000 of which R\$86,000 was paid immediately. The residual balance is to be settled within two years, and can be adjusted in accordance with the conditions set out in the agreement. Due to the fact that it is a transaction between the Company and a jointly controlled entity, this will not be treated as a business combination.

b) CADE Decision – Aviation Assets

In compliance with the decision of the Administrative Council of Economic Defense (CADE), which was announced on July 27, 2009, the jointly controlled subsidiary Raízen Combustíveis will put up for sale the aviation assets that were acquired from Cosan by Shell Brasil Ltda in 2009, which include aircraft refueling installations at seven airports. The transaction should be carried out within 60 days in accordance with CADE's decision.

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c) Stock Option Plan

On July 29, 2011, at the Extraordinary and General Shareholders' Meeting, the guidelines of the new Stock Option Plan for the Company's executives and employees was approved and authorization was given for the issuance of up to 5% of the total shares of the Company's capital stock.

d) Dividend distribution approved

On July 29, 2011, at the Extraordinary and General Shareholders' Meeting, distribution of dividends in the amount of R\$200,000 was approved, including dividends of R\$ 16,753 in excess of the compulsory minimum, as was approved at the Board of Directors' meeting on August 12, 2011.

e) Complementary issue of Perpetual notes

On July 13, 2011, the subsidiary Cosan Overseas Limited issued Perpetual notes on the international market in accordance with the "*Regulations S*" in the amount of US\$200,000 thousand, in addition to the Bonds that were issued on November 5, 2010, which are also subject to interest at a rate of 8.25% a year, payable on a quarterly basis.