Cosan S.A. Indústria e Comércio

Condensed Consolidated Financial Statements

For the six-month periods ended September 30, 2010 and 2009

COSAN S.A. INDÚSTRIA E COMÉRCIO

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Report of independent registered public accounting firm

To the Board of Directors and Shareholders of
Cosan S.A. Indústria e Comércio

We have reviewed the condensed consolidated balance sheet of Cosan S.A. Indústria e Comércio and subsidiaries as of September 30, 2010, the related condensed consolidated statements of operations and cash flows for the six-month periods ended September 30, 2010 and 2009 and the condensed consolidated statement of shareholders' equity and comprehensive income for the six-month period ended September 30, 2010. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Cosan S.A. Indústria e Comércio and subsidiaries as of March 31, 2010, and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended not presented herein and in our report dated June 10, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2010, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

São Paulo, Brazil
November 10, 2010

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC 2SP015199/O-8

Luiz Carlos Nannini
Accountant CRC 1SP171638/O-7

COSAN S.A. INDÚSTRIA E COMÉRCIO

Condensed consolidated balance sheets
September 30, 2010 and March 31, 2010
(In thousands of U.S. dollars, except share data)

	(Unaudited) September 30, 2010	March 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	**583,383**	605,483
Restricted cash	**44,829**	25,251
Derivative financial instruments	**97,970**	129,456
Trade accounts receivable, less allowances: September 30, 2010 – $32,905; March 31, 2010 – $32,144	**448,608**	430,328
Inventories	**1,144,383**	587,720
Advances to suppliers	**173,462**	132,258
Recoverable taxes	**255,550**	184,090
Other current assets	**33,394**	48,303
	2,781,579	2,142,889
Non-current assets:		
Property, plant, and equipment, net	**4,329,905**	3,997,815
Goodwill	**1,407,240**	1,289,625
Intangible assets, net	**591,144**	600,573
Accounts receivable from federal government	**200,231**	187,385
Judicial deposits	**102,491**	94,083
Other non-current assets	**504,177**	423,447
	7,135,188	6,592,928
Total assets	**9,916,767**	8,735,817

	(Unaudited) September 30, 2010	March 31, 2010
Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	**491,139**	319,707
Taxes payable	**141,160**	121,203
Salaries payable	**133,095**	79,497
Current portion of long-term debt	**620,248**	445,593
Derivative financial instruments	**56,737**	43,067
Dividends payable	**4,154**	65,451
Other current liabilities	**157,865**	111,971
	1,604,398	1,186,489
Long-term liabilities:		
Long-term debt	**3,093,770**	2,842,953
Estimated liability for legal proceedings and labor claims	**326,708**	294,605
Taxes payable	**410,332**	381,805
Deferred income taxes	**443,115**	408,832
Other long-term liabilities	**162,171**	154,728
	4,436,096	4,082,923
Shareholders' equity		
Cosan shareholders' equity:		
Common stock, no par value. Authorized 407,101,853 shares; issued and outstanding 407,101,853 as of September 30, 2010 and 406,560,317 shares as of March 31, 2010	**2,425,641**	2,420,018
Treasury stock	**(1,979)**	(1,979)
Additional paid-in capital	**504,888**	390,600
Accumulated other comprehensive income	**446,446**	343,136
Retained earnings	**348,585**	281,238
Equity attributable to shareholders of Cosan	**3,723,581**	3,433,013
Equity attributable to noncontrolling interests	**152,692**	33,392
Total shareholders' equity	**3,876,273**	3,466,405
Total liabilities and shareholders' equity	**9,916,767**	8,735,817

See accompanying notes to condensed consolidated financial statements.

COSAN S.A. INDÚSTRIA E COMÉRCIO

Condensed consolidated statements of operations
Six-month period ended September 30, 2010 and 2009
(In thousands of U.S. dollars, except share and per-share data)
(Unaudited)

	September 30, 2010	September 30, 2009
Net sales	**4,929,362**	3,635,926
Cost of goods sold	**(4,297,575)**	(3,215,304)
Gross profit	**631,787**	420,622
Selling expenses	**(273,954)**	(217,156)
General and administrative expenses	**(147,010)**	(70,204)
Operating income	**210,823**	133,262
Other income (expenses):		
Financial income, net	**2,439**	268,535
Other expenses	**(21,536)**	(7,007)
Income before income taxes and equity loss of affiliates	**191,726**	394,790
Income taxes expense	**(71,142)**	(125,959)
Income before equity loss of affiliates	**120,584**	268,831
Equity loss of affiliates	**(1,591)**	(1,698)
Net income	**118,993**	267,133
Less net (loss) income attributable to noncontrolling interests	**(4,167)**	3,429
Net income attributable to Cosan	**114,826**	270,562
Per-share amounts attributable to Cosan		
Net income		
Basic	**0.28**	0.77
Diluted	**0.28**	0.76
Weighted number of shares outstanding		
Basic	**406,722,592**	353,351,384
Diluted *	**407,214,310**	358,195,397

* Adjusted for the effect of dilutive stock options

See accompanying notes to condensed consolidated financial statements.

COSAN S.A. INDÚSTRIA E COMÉRCIO

Condensed consolidated statements of shareholders' equity and comprehensive income
Six-month period ended September 30, 2010
(In thousands of U.S. dollars, except share data)
(Unaudited)

	Common stock		Treasury stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Non controlling interest	Total shareholders' equity
	shares	amount	shares	amount					
Balances at March 31, 2010	406,560,317	2,420,018	343,139	(1,979)	390,600	281,238	343,136	33,392	3,466,405
Exercise of stock options	541,476	5,622	-	-	(3,738)	-	-	-	1,884
Exercise of common stock warrants	60	1	-	-	-	-	-	-	1
Issuance of common shares of Rumo to non controlling interest	-	-	-	-	117,543	-	-	110,247	227,790
Share based compensation	-	-	-	-	483	-	-	-	483
Dividends	-	-	-	-	-	(47,479)	-	-	(47,479)
Net income	-	-	-	-	-	114,826	-	4,167	118,993
Effective portion of gains/losses on derivative instrument that qualifies as a cash flow hedge	-	-	-	-	-	-	(75,408)	-	(75,408)
Pension Plan	-	-	-	-	-	-	(1,031)	-	(1,031)
Currency translation adjustment	-	-	-	-	-	-	179,749	4,886	184,635
Total comprehensive income									227,189
Balances at September 30, 2010	407,101,853	2,425,641	343,139	(1,979)	504,888	348,585	446,446	152,692	3,876,273

See accompanying notes to condensed consolidated financial statements.

COSAN S.A. INDÚSTRIA E COMÉRCIO

Condensed consolidated statements of cash flows
Six-month period ended September 30, 2010 and 2009
(In thousands of U.S. dollars)
(Unaudited)

	September 30, 2010	**September 30, 2009**
Cash flows from operating activities		
Net income for the year attributable to Cosan	**114,826**	270,562
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	**347,460**	205,371
Deferred income taxes	**37,607**	125,959
Interest, monetary and exchange variation	**67,925**	(206,095)
Others	**26,061**	(38,641)
Decrease/increase in operating assets and liabilities		
Trade accounts receivable, net	**(71)**	48,076
Inventories	**(419,270)**	(90,194)
Advances to suppliers	**(35,254)**	(31,518)
Trade accounts payable	**155,051**	54,393
Derivative financial instruments	**(40,086)**	41,622
Taxes payable	**3,075**	(58,948)
Other assets and liabilities, net	**10,309**	16,980
Net cash provided by operating activities	**267,633**	337,567
Cash flows from investing activities:		
Restricted cash	**(44,829)**	(77,485)
Cash received from sales of noncurrent assets	**10,569**	67,027
Acquisition of investment	**(9,720)**	-
Acquisition of property, plant and equipment	**(589,844)**	(438,509)
Acquisitions, net of cash acquired	**-**	23,903
Others	**-**	(7,383)
Net cash used in investing activities	**(633,824)**	(432,447)
Cash flows from financing activities:		
Related parties	**-**	(256,896)
Proceeds from issuance of common stock	**229,743**	707
Additions of long-term debt	**671,865**	685,371
Dividends payments	**(113,897)**	-
Payments of long-term debt	**(464,153)**	(250,652)
Net cash provided by financing activities	**323,558**	178,530
Effect of exchange rate changes on cash and cash equivalents	**20,533**	139,157
Net increase (decrease) in cash and cash equivalents	**(22,100)**	222,807
Cash and cash equivalents at beginning of period	**605,483**	310,710
Cash and cash equivalents at end of period	**583,383**	533,517
Supplemental cash flow information		
Cash paid during the period for:		
Interest	**119,399**	77,584
Income taxes	**10,423**	20,431

See accompanying notes to condensed consolidated financial statements.

1. Operations

Cosan S.A. Indústria e Comércio and subsidiaries (“Cosan” or “the Company”) is incorporated under the laws of the Federative Republic of Brazil. Cosan shares are traded on the São Paulo Stock Exchange (Bovespa).

Cosan Limited, a company incorporated in Bermuda, is the controlling shareholder of Cosan holding a 62.19% interest therein as of September 30, 2010 (62.27% as of March 31, 2010). The class “A” common shares of Cosan Limited are traded in the New York Stock Exchange (NYSE) and Bovespa.

The companies included in the consolidated financial statements have as their primary activity the production of ethanol and sugar, the marketing and distribution of fuel and lubricants in Brazil, and logistics services in the state of São Paulo, Brazil.

On February 1, 2010, the Company announced that it, along with Royal Dutch Shell (“Shell”), had reached a non-binding memorandum of understanding (“MOU”) to form a joint venture for a combined 50/50 investment. On August 25, 2010 the Company announced the conclusion of the negotiations with Shell and signed a binding MOU along with other arrangements. Cosan will contribute its sugar and ethanol and its distribution assets to the joint venture while Shell will contribute its distribution assets in Brazil. Shell will also make a fixed cash contribution in the amount of $1.6 billion over a 2 year period. The sugar logistics and distribution of lubricants business along with the investment in Radar Propriedades Agrícolas S.A. will not be contributed to the joint venture. The closing of this transaction is expected for the first semester of 2011. During the six-month period ended September 30, 2010, this association did not generate any accounting records.

On July 2, 2010, the indirect subsidiary Novo Rumo Logística S.A. (“Novo Rumo”), entered into a Subscription Agreement with TPG Participações and GIF LOG Participações S.A. (“Investors”) whereby the investors would acquire a 25% equity interest of Rumo Logistica S.A. (“Rumo”), a subsidiary of Novo Rumo. On September 2, 2010, the subscription took place through a capital increase in the amount of $227,790, paid in equal portions by the Investors and the issuance of shares by Rumo. Before the payment the Company held, directly and indirectly, an equity interest of 92.9% in Novo Rumo, which, in turn, held an equity interest of 99.9% in Rumo Logistica S.A. After the contribution, Novo Rumo now holds 75.0% of Rumo’s equity and each of the Investors hold a 12.5% interest. This transaction was treated as an equity transaction.

2. Presentation of the consolidated financial statements

a. Basis of reporting for interim financial statements

In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's results for the periods presented. Interim results for the six-month period ended September 30, 2010, are not necessarily indicative of the results that may be expected for the fiscal year.

The unaudited condensed consolidated financial statements include the accounts of Cosan and its subsidiaries. All significant intercompany transactions have been eliminated.

These condensed consolidated financial statements should be read in conjunction with Cosan`s annual consolidated financial statements for the fiscal year ended March 31, 2010.

The accounts of Cosan and its subsidiaries are maintained in Brazilian reais, which is the functional currency. The accounts have been translated into U.S. dollars in accordance with Accounting Standards Codification ("ASC") 830, "*Foreign Currency Matters*".

The exchange rate of the Brazilian *real* (R$) to the US$ was R$1.69=US$ 1.00 at September 30, 2010 and R$1.78=US$1.00 at March 31, 2010.

b. Use of estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates. These estimates and assumptions are reviewed and updated regularly to reflect recent experience.

2. Presentation of the consolidated financial statements (Continued)

c. New Accounting Pronouncements

In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*, which will require companies to make new disclosures about recurring or nonrecurring fair value measurements including significant transfers into and out of Level 1 and Level 2 fair value hierarchies and information on purchases, sales, issuance and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. The ASU is effective prospectively for financial statements issued for fiscal years and interim periods beginning after December 15, 2009. The new disclosures about purchases, sales, issuance and settlements on a gross basis in the reconciliation of Level 3 fair value measurements is effective for interim and annual reporting periods beginning after December 15, 2010. The Company expects that the adoption of ASU 2010-06 will not have a material impact on its consolidated financial statements.

d. Derivative financial instruments

Cosan accounts for derivative financial instruments utilizing ASC 815, *Accounting for Derivative Instruments and Hedging Activities*, as amended. As part of Cosan's risk management program, it uses a variety of financial instruments, including commodity futures contracts, forward currency agreements, interest rate and foreign exchange swap contracts and option contracts. Beginning April 1, 2010, Cosan recognized a portion of its derivative instruments as cash flow hedge transactions. The derivative instruments are measured at fair value and the gains or losses resulting from the changes in fair value of the instruments are recorded in financial income or financial expense or other comprehensive income when designated as a cash flow hedge. See note 14 for further detail.

(In thousands of U.S. dollars, unless otherwise stated)

3. Inventories

	September 30, 2010	March 31, 2010
Finished goods:		
Sugar	**336,156**	52,561
Ethanol	**350,111**	31,573
Lubricants and fuel (Gasoline, Diesel and Ethanol)	**159,387**	149,613
	845,654	233,747
Annual maintenance cost of growing crops	**184,188**	243,709
Supplies and others	**114,541**	110,264
	1,144,383	587,720

4. Taxes payable

	September 30, 2010	March 31, 2010
ICMS – State VAT	**36,109**	27,623
IPI	**13,705**	3,582
INSS	**17,671**	13,414
PIS	**4,219**	4,564
COFINS	**19,475**	18,010
Tax Recovery from Brazilian Law No 11.941/09 and MP 470/09	**389,424**	373,650
Income Tax and Social Contribution	**54,144**	50,471
Others	**16,745**	11,694
	551,492	503,008
Current liabilities	**(141,160)**	(121,203)
Long-term liabilities	**410,332**	381,805

(In thousands of U.S. dollars, unless otherwise stated)

5. Long-term debt

The Company's debt is summarized as follows:

	Index	Average annual interest rate	September 30, 2010	March 31, 2010
Resolution No. 2471 (PESA)	IGP-M	3.9%	**334,331**	295,291
Senior notes due 2014	US Dollar	9.5%	**354,803**	354,433
Senior notes due 2017	US Dollar	7.0%	**404,589**	404,589
Perpetual notes	US Dollar	8.3%	**455,303**	455,304
BNDES	TJLP	3.6%	**792,633**	520,068
Credit notes	DI	2.4%	**185,828**	212,660
Credit notes	US Dollar	6.2%	**102,674**	102,656
Export Pre-payments	US Dollar+Libor	6.3%	**495,763**	547,230
ACC – Export pre-payments	US Dollar	1.3%	**225,788**	103,416
Others	Various	Various	**362,306**	292,899
			3,714,018	3,288,546
Current portion			**(620,248)**	(445,593)
Long-term debt			**3,093,770**	2,842,953

Long-term debt has the following scheduled maturities:

2012	448,595
2013	383,245
2014	529,765
2015	101,509
2016 and thereafter	1,630,656
	3,093,770

Resolution No. 2471 - Special Agricultural Financing Program (Programa Especial de Saneamento de Ativos), or PESA

To extend the repayment period of debts incurred by Brazilian agricultural producers, the Brazilian government passed Law 9.138 followed by Central Bank Resolution 2,471, which, together, formed the PESA program. PESA offered certain agricultural producers with certain types of debt the opportunity to acquire Brazilian treasury bills ("CTNs") in an effort to restructure their agricultural debt. The face value of the Brazilian treasury bills was the equivalent of the value of the restructured debt and was for a term of 20 years.

5. Long-term debt (Continued)

Resolution No. 2471 - Special Agricultural Financing Program (Programa Especial de Saneamento de Ativos), or PESA (Continued)

The acquisition price was calculated by the present value, discounted at a rate of 12% per year or at the equivalent of 10.4% of its face value. The CTNs were deposited as a guarantee with a financial institution and cannot be renegotiated until the outstanding balance is paid in full. The outstanding balance associated with the principal is adjusted in accordance with the IGP-M until the expiration of the restructuring term, which is also 20 years, at which point the debt will be discharged in exchange for the CTNs. Because the CTNs will have the same face value as the outstanding balance at the end of the term, it will not be necessary to incur additional debt to pay PESA debt.

On July 31, 2003, the Central Bank issued Resolution 3,114, authorizing the reduction of up to five percentage points of PESA related interest rates, effectively lowering the above-mentioned rates to 3%, 4% and 5%, respectively. The CTNs held by Cosan as of September 30, 2010 and March 31, 2010 amounted to $152,331 and $133,039, respectively, and are classified as other non-current assets.

Senior notes due 2017

On January 26, 2007, the wholly-owned subsidiary Cosan Finance Limited issued $400,000 of senior notes in the international capital markets. These senior notes, listed on the Luxembourg Stock Exchange, mature in November 2017 and bear interest at a rate of 7% per annum, payable semi-annually. The senior notes are guaranteed by Cosan, and its subsidiary, Cosan Açúcar e Álcool.

Senior notes due 2014

On August 4, 2009, the indirect subsidiary CCL Finance Limited issued $350,000 of senior notes in the international capital markets. These senior notes, listed on the Luxembourg Stock Exchange, mature in August 2014 and bear interest at a rate of 9.5% per annum, payable semi-annually in February and August of each year, from February of 2010.

5. **Long-term debt** (Continued)

Perpetual notes

On January 24 and February 10, 2006, Cosan issued perpetual notes which are listed on the Luxembourg Stock Exchange - EURO MTF. These notes bear interest at a rate of 8.25% per year, payable quarterly on May 15, August 15, November 15 and February 15 of each year, beginning May 15, 2006.

These notes may, at the discretion of Cosan, be redeemed on any interest payment date subsequent to February 15, 2011. The notes are guaranteed by Cosan and by Cosan S.A. Açúcar e Álcool.

Export Pre-payment Notes

During the third quarter of 2009, the Company obtained funds from export pre-payment notes for the total amount of $530,000. The export pre-payment notes are due from 2012 through 2014, and bear interest of Libor plus 6.2%.

BNDES

Refers to the financing of cogeneration and logistics projects as well as the financing of the Jataí and Caarapó greenfields (sugar and ethanol mills). The BNDES financing is due from 2012 through 2025.

Credit Notes

The Company executed several credit note agreements with several financial institutions during 2010 which will be paid through export operations during 2012. The credit notes bear interest at rates between 2.1% and 6.2% per annum, payable semi-annually.

Covenants

Cosan and its subsidiaries are subject to certain restrictive covenants related to their indebtedness.

At September 30, 2010, Cosan was in compliance with its debt covenants.

(In thousands of U.S. dollars, unless otherwise stated)

6. Related parties

Assets and liabilities with related parties are summarized as follows:

	Assets	
	September 30, 2010	**March 31, 2010**
Rezende Barbosa S.A. Administração e Participações	**50,410**	48,889
Vertical UK LLP	**7,729**	8,403
Others	**332**	2,377
	58,471	59,669
Current (*)	**(12,523)**	(13,958)
Noncurrent (*)	**45,948**	45,711

	Liabilities	
	September 30, 2010	**March 31, 2010**
Rezende Barbosa S.A. Administração e Participações	**35,281**	-
Logispot Armazéns Gerais S.A.	**2,212**	6,313
Others	**1,440**	1,781
	38,933	8,094
Current (*)	**(38,933)**	(8,094)
Noncurrent	**-**	-

(*) included in other current and non-current assets or liabilities

The receivable of $50,410 ($48,889 as of March 31, 2010) with Rezende Barbosa S.A. Administração e Participações is related to credits assumed by Rezende Barbosa, in connection with the acquisition of Cosan Alimentos and intercompany loans.

The amount receivable from the affiliate Vertical UK LLP, refers to ethanol trading, with an average maturity date of 30 days.

The payable of $35,281 with Rezende Barbosa S.A. Administração e Participações is related to the purchase of sugar cane. This amount is presented offset of credits assumed by Rezende Barbosa, in connection with the acquisition of Cosan Alimentos and intercompany loans.

The payable to Logispot is related to the remaining payment in connection with the interest acquired.

(In thousands of U.S. dollars, unless otherwise stated)

6. Related parties (Continued)

Cosan conducts some of its operations through various ventures and other partnership forms which are principally accounted for using the equity method. The condensed consolidated income statement includes the following amounts resulting from transactions with related parties:

	September 30, 2010	September 30, 2009
Transactions involving assets		
Sale of products and services to associates	**69,173**	73,349
Cash received due to the sale of products, services, and other assets	**(73,244)**	(84,757)
Receivables added through acquisition of Cosan Alimentos	**-**	70,379
Transactions involving liabilities		
Purchase of sugar cane from associates	**138,740**	-
Payments to associates	**(109,635)**	(3,507)
Financial income	**-**	(39,202)
Payment to Cosan Limited	**-**	(175,307)

The purchase and sale of products are carried out at arm's length and unrealized profit or losses with consolidated companies have been eliminated. Those operations are also carried out at prices and under conditions similar to those existing in the market.

At September 30 and March 31, 2010, Cosan S.A. and its subsidiaries were lessees of approximately 68,000 hectares (unaudited) of affiliated companies' land and land of its related party Radar Propriedades Agrícolas S.A., which is controlled by another shareholder. Additionally, Cosan and its subsidiary Cosan S.A. Açucar e Álcool purchased a total of 4,891 thousands of tons of sugar cane (unaudited) from Rezende Barbosa during the six-month period ended September 30, 2010. These operations are carried out under conditions and prices similar to those prevailing in the market, calculated based on sugarcane tons per hectare, valued in accordance with the price established by CONSECANA (São Paulo State Council of Sugarcane, Sugar and Ethanol Producers).

(In thousands of U.S. dollars, unless otherwise stated)

7. Estimated liability for legal proceedings and labor claims and commitments

	September 30, 2010	March 31, 2010
Tax contingencies	**190,302**	173,924
Civil and labor contingencies	**136,406**	120,681
	326,708	294,605

Cosan and its subsidiaries are parties in various ongoing labor claims, civil and tax proceedings in Brazil arising in the normal course of its business. Respective provisions for contingencies were recorded considering those cases in which the likelihood of loss has been rated as probable. Management believes resolution of these disputes will have no significant effect compared to the estimated amounts accrued.

Judicial deposits recorded by Cosan under other non-current assets, in the balance sheet, amounting to $102,491 at September 30, 2010 ($94,083 at March 31, 2010) have been made for certain of these suits. Judicial deposits are restricted assets of Cosan placed on deposit with the court and held in judicial escrow pending legal resolution of the related legal proceedings.

The major tax contingencies as of September 30, 2010 and March 31, 2010 are described as follows:

	September 30, 2010	March 31, 2010
Compensation with Finsocial	**105,146**	97,114
ICMS credits	**45,894**	33,824
PIS and Cofins	**12,864**	11,910
IPI – Federal VAT	**4,917**	4,692
Other	**21,481**	26,384
	190,302	173,924

The detail of the movement in the estimated liability for legal proceedings and labor claims is as follows:

Balance at March 31, 2010	**294,605**
Provision	6,902
Settlements	(10,013)
Accrued interest	20,050
Foreign currency translation	15,164
Balance at September 30, 2010	**326,708**

(In thousands of U.S. dollars, unless otherwise stated)

7. Estimated liability for legal proceedings and labor claims and commitments (Continued)

In addition to the aforementioned claims, Cosan and its subsidiaries are involved in other contingent liabilities relating to tax, civil and labor claims and environmental matters, which have not been recorded, considering their current stage and the likelihood of unfavorable outcomes rated as possible. These claims are broken down as follows:

	September 30, 2010	March 31, 2010
Withholding Income Tax	**111,725**	102,652
ICMS – State VAT	**276,281**	180,988
IPI - Federal Value-added tax	**263,592**	246,190
PIS and COFINS	**86,752**	80,604
Civil and labor	**355,232**	275,403
Other	**79,433**	69,842
	1,173,015	955,679

8. Accounts receivable from Federal Government

The subsidiary Cosan Açúcar e Álcool has several indemnification suits filed against the Federal Government. The suits relate to product prices that did not conform to the reality of the market, which were mandatorily established at the time the sector was under the Government's control.

In connection with one of these suits, a final and unappealable decision in the amount of US$149,121 was rendered in September 2006 in favor of Usina de Barra. This has been recorded as a gain in the statement of operations in 2007. Since the recorded amount is substantially composed of interest and monetary restatement, it was recorded in financial income and in a non-current receivable on the balance sheet. In connection with the settlement process, the form of payment continues to be negotiated with the government.

At September 30, 2010, the receivable and corresponding lawyers' fees totaled US$200,231 and US$24,028 (US$187,385 and US$22,486 at March 31, 2010), respectively.

(In thousands of U.S. dollars, unless otherwise stated)

9. Financial income and expenses, net

	Six-month period ended	
	September 30, 2010	**September 30, 2009**
Financial expenses		
Interest	**(132,955)**	(105,727)
Monetary variation	**(18,789)**	(16,873)
Other	**(834)**	(854)
	(152,578)	(123,455)
Financial income		
Interest	**44,728**	35,101
Monetary variation	**8,511**	1,612
Other	**204**	-
	53,433	36,713
Foreign exchange gains	**89,677**	284,412
Derivatives gains	**11,897**	70,864
Financial income, net	**2,439**	268,535

10. Income taxes

Income tax expense attributable to income from operations for the six-month periods ended September 30, 2010 and 2009 consists of:

	September 30, 2010	**September 30, 2009**
Income taxes expense:		
Current	**(33,535)**	(25,985)
Deferred	**(37,607)**	(99,974)
	(71,142)	(125,959)

(In thousands of U.S. dollars, unless otherwise stated)

10. Income taxes (Continued)

Income taxes for the six-month periods ended September 30, 2010 and 2009 differed from the amounts computed by applying the income tax rate of 25% and social contribution tax rate of 9% to income before income taxes due to the following:

	September30, 2010	September30, 2009
Income before income taxes and equity in loss of affiliates	**191,726**	394,790
Income tax expense at statutory rate — 34%	**(65,187)**	(134,229)
Increase (reduction) in income taxes resulting from:		
Equity in earnings of affiliates not subject to taxation	**(541)**	(577)
Nondeductible goodwill amortization	**-**	673
Nondeductible donations and contributions	**(3,339)**	(664)
Recognized granted options	**(165)**	(1,474)
Others	**(1,910)**	10,312
Income tax expense	**(71,142)**	(125,959)

Cosan accounts for unrecognized tax benefits in accordance with ASC 740, "*Accounting for Uncertainly in Income Taxes*". A reconciliation of the beginning and ending amount of unrecognized tax benefits in the estimated liability for legal proceedings, and labor claims, is as follows

Balance at March 31, 2010	49,013
Accrued interest on unrecognized tax benefit	1,310
Settlements	(94)
Effect of foreign currency translation	2,556
Balance at September 30, 2010 (*)	**52,785**

(*) Recorded as taxes payable (long-term)

It is possible that the amount of unrecognized tax benefits will change in the next twelve months, however, an estimate of the range of the possible change cannot be made at this time due to the long time to reach a settlement agreement or decision with the taxing authorities.

The Company and its subsidiaries file income tax returns in Brazil and they are subject to income tax examinations by the relevant tax authorities for the years 2005 through 2010.

11. Shareholders' equity

a. Capital

On July 29, 2010, the Board of Directors approved a capital increase of US$1 through issuance of 60 new common shares, with no par value, at an issue price of US$9.00, due to exercise of subscription warrants by the holders. On the same day, the shareholders unanimously approved a capital increase of $1,558 through the issuance of 449,819 newly registered uncertificated common shares with no par value, in connection with the "Company's Stock Option Plan", due to exercise of such options by qualifying executives.

On September 17, 2010, the Board of Directors approved a capital increase of US$326 through issuance of 91,657 new common shares, with no par value, for purposes of meeting the needs of the Stock Option Plan, due to exercise of such options by qualifying executives.

As of September 30, 2010, the Company's capital is represented by 407,101,853 common shares (406,560,317 as of March 31, 2010), with no par value.

Treasury stock

During the fiscal year ended March 31, 2009, the Company acquired 343,139 common shares from dissident shareholders related to a prior acquisition. These shares are held in treasury.

b. Dividends

On July 30, 2010, additional dividends over the minimum compulsory of $47,479, were approved in the extraordinary general shareholders' meeting in relation to the year ended March 31, 2010.

c. Additional paid-in capital and noncontrolling interest

As mentioned in note 1, on September 2, 2010, the shareholders approved a capital increase at Rumo through issuance of shares in exchange for cash provided by investors. As a result of this transaction, Cosan recorded noncontrolling interest in the amount of $110,247. The cash contribution in excess of the book value the investors interest in Rumo has been accounted for as an equity transaction, leading to an additional paid-in capital of $117,543.

12. Deferred gain on sale of investments in subsidiaries

Agrícola Ponte Alta S.A. is a subsidiary whose principal assets are land used for the growing of sugarcane for Cosan. On December 15, 2008, the shareholders approved a partial spin-off of the assets of Ponte Alta and created four new subsidiaries. Agricultural land was then transferred from Ponte Alta to each of the entities. On December 30, 2008, two of the entities, Nova Agrícola Ponte Alta S.A. and Terras da Ponte Alta S.A. were sold to Radar, an affiliate company accounted for by the equity method. The selling price was fair value, $123,596, which resulted in a gain of $47,080. This gain has previously been deferred since there were no lease contracts executed for the land, which was being used by Cosan for a monthly fee. During the year ended March 31, 2009 the lease contracts were executed, and the gain is being amortized to profit and loss over the 19 year average term of the leases since then.

During the six-month period ended September 30, 2010, the Company recognized a gain of $1,901 related to this sale-leaseback transaction.

13. Share-based compensation

Cosan offers a stock option plan to officers and employees. The plan authorizes the issue of up to 5% of the shares comprising Cosan’s share capital. The exercise of options may be settled only through issuance of new common shares or treasury shares.

The employees that leave Cosan before the vesting period will forfeit 100% of their rights. However, if the employment is terminated by Cosan without cause, the employees will have right to exercise 100% of their options of that particular year plus the right to exercise 50% of the options of the following year.

(In thousands of U.S. dollars, unless otherwise stated)

13. Share-based compensation (Continued)

The fair value of share-based awards was estimated using a binominal model with the following assumptions:

	Options granted on September 22, 2005	**Options granted on September 11, 2007**	**Options granted on August 7, 2009**
Grant price - in U.S. dollars	3.61	3.61	3.61
Expected life (in years)	7.5	7.5	Immediate
Interest rate	14.52%	9.34%	(1)
Expected Volatility	34.00%	46.45%	(1)
Expected Dividend yield	1.25%	1.47%	(1)
Weighted-average fair value at grant date - in U.S. dollars	7.29	6.03	(1)

(1) The options were fully vested at the date of issuance so the fair value was the quoted market price as of the grant date.

As of September 30, 2010, the amount of $1,142 related to the unrecognized compensation cost related to stock options is expected to be recognized in 12 months.

As of September 30, 2010 there were 112,440 options outstanding with a weighted-average exercise price of $3.61.

14. Risk management and financial instruments

a) Risk management

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.

(In thousands of U.S. dollars, unless otherwise stated)

14. Risk management and financial instruments (Continued)

a) Risk management (Continued)

On September 30 and March 31, 2010, 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:

	Notional		Fair Value	
	September 30, 2010	**March 31, 2010**	**September 30, 2010**	**March 31, 2010**
Price risk				
Commodity derivatives				
Future contracts	**981,945**	661,110	**(29,393)**	63,101
Options contracts	**11,726**	603,357	**(3,639)**	(6,586)
Swap contracts	**-**	56,594	**-**	607
			(33,032)	57,122
Exchange rate risk				
Exchange rate derivative				
Future contracts	**(296,206)**	1,180,829	**(1,883)**	264
Forward contracts	**663,148**	537,422	**66,808**	20,527
Options contracts	**1,053,301**	377,036	**11,092**	8,827
			76,017	29,618
Interest rate risk				
Interest derivative	**255,179**	291,291	**(1,752)**	(351)
			(1,752)	(351)
Total			**41,233**	86,389
Total Assets			**97,970**	129,456
Total Liabilities			**(56,737)**	(43,067)

b) Price risk

This arises from the possibility of 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:

(In thousands of U.S. dollars, unless otherwise stated)

14. Risk management and financial instruments (Continued)

b) Price risk (Continued)

Price risk: price derivatives outstanding on September 30, 2010						
Derivative	**Purchased / sold**	**Market**	**Contract**	**Maturity**	**Notional**	**Fair value**
Derivative financial instruments designated as cash flow hedges						
Future	Sold	NYBOT	#11	01/Mar/11	167,570	9,390
Future	Sold	NYBOT	#11	01/May/11	23,093	(4,862)
Future	Sold	NYBOT	#11	01/Jul/11	80,633	(17,676)
Future	Sold	NYBOT	#11	01/Oct/11	82,526	(14,444)
Swap	Sold	OTC	#11	01/Mar/11	30,238	(8,931)
Subtotal designated as cash flow hedges					**384,060**	**(36,523)**
Derivative financial instruments not designated under hedge accounting						
Future	Sold	LIFFE	White Sugar	01/Dec/10	2,464	(4)
					2,464	**(4)**
Future	Purchased	NYBOT	#11	01/May/11	(5,960)	1,407
Future	Purchased	NYBOT	#11	01/Mar/12	(30,125)	3,146
					(36,085)	**4,553**
Future	Purchased	NYMEX	HO	29/Oct/10	(2,437)	2,581
					(2,437)	**2,581**
Future	Sold	BMFBovespa			556,900	1
					556,900	**1**
Call	Sold	NYBOT/OTC	#11	01/Mar/11	3,022	(3,676)
Call	Sold	NYBOT	#11	01/Mar/11	451	(689)
Call	Sold	NYBOT	#11	01/Mar/11	160	(220)
Call	Sold	NYBOT/OTC	#11	01/Oct/11	1,711	(1,590)
Call	Sold	NYBOT/OTC	#11	01/Oct/11	2,390	(1,896)
					7,734	**(8,071)**
Put	Purchased	NYBOT/OTC	#11	01/Oct/11	1,677	1,771
Put	Purchased	NYBOT/OTC	#11	01/Oct/11	2,316	2,660
					3,993	**4,431**
Subtotal not designated under hedge accounting					**532,569**	**3,491**
Total price risk related derivatives					**916,629**	**(33,032)**

c) 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 open on September 30, 2010 of derivatives used to hedge exchange rates:

(In thousands of U.S. dollars, unless otherwise stated)

14. Risk management and financial instruments (Continued)

c) Foreign exchange risk (Continued)

Price risk: price derivatives outstanding on September 30, 2010						
Derivative	**Purchased / sold**	**Market**	**Contract**	**Maturity**	**Notional**	**Fair value**
Derivative financial instruments designated as cash flow hedges						
Forward	Sold	OTC/Cetip	NDF	29/Oct/10	87,035	12,818
Forward	Sold	OTC/Cetip	NDF	01/Dec/10	56,443	5,788
Forward	Sold	OTC/Cetip	NDF	03/Jan/11	52,804	6,776
Forward	Sold	OTC/Cetip	NDF	01/Apr/11	109,358	5,074
Forward	Sold	OTC/Cetip	NDF	31/May/11	83,391	8,946
Forward	Sold	OTC/Cetip	NDF	01/Jul/11	58,612	5,043
Forward	Sold	OTC/Cetip	NDF	01/Aug/11	61,238	7,039
Forward	Sold	OTC/Cetip	NDF	03/Oct/11	154,267	15,324
Subtotal designated as cash flow hedges					**663,148**	**66,808**
Derivative financial instruments not designated under hedge accounting						
Future	Sold	BMFBovespa	Commercial U.S. dollar rate	01/Oct/10	28,179	174
Future	Sold	BMFBovespa	Commercial U.S. dollar rate	01/Nov/10	8,856	66
					37,035	**240**
Future	Purchased	BMFBovespa	Commercial U.S. dollar rate	01/Oct/10	(28,039)	(39)
Future	Purchased	BMFBovespa	Commercial U.S. dollar rate	01/Nov/10	(305,203)	(2,084)
					(333,242)	**(2,123)**
Forward	Purchased	OTC/Cetip	NDF (Offshore)	04/Oct/10	3,513	(159)
					3,513	**(159)**
Put Onshore	Purchased	BMFBovespa	Commercial U.S. dollar rate	03/Jan/11	516,468	17,391
Put Offshore	Purchased	OTC	Commercial U.S. dollar rate	11/Feb/11	25,252	1,242
Put Offshore	Purchased	OTC	Commercial U.S. dollar rate	11/Feb/11	9,869	882
					551,589	**19,515**
Put Offshore	Sold	BMFBovespa	Commercial U.S. dollar rate	03/Jan/11	501,712	(8,264)
					501,712	**(8,264)**
Subtotal not designated under hedge accounting					**760,607**	**9,209**
Total price risk related derivatives					**1,423,755**	**76,017**

(In thousands of U.S. dollars, unless otherwise stated)

14. Risk management and financial instruments (Continued)

On September 30, 2010 and March 31, 2010, the Company had the following net exposure to the variation of U.S. dollar assets and liabilities denominated in U.S. dollars:

	September 30, 2010	March 31, 2010
Amounts pending foreign exchange closing	**3,059**	71,732
Overnight	**14,128**	28,338
Trade notes receivable - foreign	**111,672**	83,467
Senior Notes due in 2014	**(354,803)**	(354,433)
Senior Notes due in 2017	**(404,589)**	(404,589)
Perpetual bonds	**(455,303)**	(455,304)
Foreign currency-denominated loans	**(328,462)**	(269,016)
Export pre-payments	**(495,763)**	(547,230)
Restricted cash	**44,829**	25,251
Exchange exposure	**(1,865,232)**	(1,821,784)

d) *hedge accounting effects*

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

The Company records gains and losses deemed effective for purposes of hedge accounting to a specific account in shareholders´ equity ("other comprehensive income"), until the object of coverage (hedged item) affects the profit and loss.

		Expected period to affect P&L		
Market	**Risk**	**2010/2011**	**2011/2012**	**Total**
OTC/ NYBOT	#11	(110,709)	(58,283)	**(168,992)**
OTC/ CETIP	USD	16,342	38,398	**54,740**
		(94,366)	**(19,885)**	**(114,251)**

(In thousands of U.S. dollars, unless otherwise stated)

14. Risk management and financial instruments (Continued)

The detail of the movement of the cash flow hedge gain or loss in other comprehensive income is as follows:

Cash flow hedges

Balance at March 31, 2010	**-**
Gain/(losses) of cash flow hedges for the period	
Commodities future and swap contracts	(168,002)
Currency forward contracts	62,858
Reclassification adjustments for losses included in the income statement (net sales)	(9,107)
Total before tax effect	(114,251)
Tax effect on gain/(losses) of cash flow hedges for the period – 34%	38,843
Balance at September 30, 2010	**(75,408)**

During the six-month period ended September 30, 2010, there was no effect on results for operations due to hedged items that would no longer qualify to be designated under hedge accounting. Also, the Company recorded the amount of $315 related to the gains and losses of the hedges' ineffectiveness during the six-month period ended September 30, 2010.

e) Interest rate risk

The Company monitors fluctuations of the interest rates related to certain loan contracts, mainly those with Libor interest rate risk, and in the event of increased volatility of such rates, it may engage in transactions with derivatives so as to minimize such risks. At September 30, 2010, the Company presented the following net balance sheet exposure related to interest rate risk:

Interest rate risk: outstanding interest rate swap derivatives on September 30, 2010

Derivative	Purchased/ sold	Market	Contract	Number of Contract	Average price	Notional	Fair value
Swap	Purchased	OCT/Cetip	Fix/Libor 3 month	1	1.199%/libor 3 Month	83,333	(584)
Swap	Purchased	OCT/Cetip	Fix/Libor 3 month	1	1.199%/libor 3 Month	166,667	(1,168)
						250,000	(1,752)

14. Risk management and financial instruments (Continued)

f) 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 Espirito Santo Investmento do Brasil S.A., Deutsche Bank S.A. – Banco Alemão, Banco Bradesco S.A., Banco JP Morgan S.A., Banco Standard de Investimentos S.A., Banco Morgan Stanley Witter S.A. and Banco BTG Pactual S.A.

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. As of September 30, 2010, the total credit limit used as initial margin was $34,292 ($38,543 as of March 31, 2010). As a requirement to trade in BM&FBovespa, the Company posted on September 30, 2010, the amount of $33,648 ($46,627 as of March 31, 2010) as guarantee in the form of a settlement bond issued by a first-class banking institution. Over-the-counter derivative transactions of the Company are exempt from margin guarantees.

14. Risk management and financial instruments (Continued)

g) Debt acceleration risk

As of September 30, 2010 and March 31, 2010, the Company was a party to loan and financing agreements with covenants generally applicable to these operations, including requirements related to cash generation, debt to equity ratio and others. These covenants are being fully complied with by the Company and do not place any restrictions on its operations as a going-concern.

15. Fair value measurements

Effective May 1, 2008, Cosan adopted ASC 820, *Fair Value Measurements (SFAS 157)*, for all financial instruments and non-financial instruments accounted for at fair value on a recurring basis. ASC 820 establishes a new framework for measuring fair value and expands related disclosures. Broadly, the ASC 820 framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. ASC 820 establishes market or observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The following section describes the valuation methodologies Cosan uses to measure different financial instruments at fair value.

(In thousands of U.S. dollars, unless otherwise stated)

15. Fair value measurements (Continued)

Derivatives

Cosan uses closing prices for derivatives included in Level 1, which are traded either on exchanges or liquid over-the-counter markets.

The remainder of the derivatives portfolio is valued using internal models, most of which are primarily based on market observable inputs including interest rate curves and both forward and spot prices for currencies and commodities. Derivative assets and liabilities included in Level 2 primarily represent interest rate swaps, foreign currency swaps and commodity forward contracts.

The following table presents our assets and liabilities measured at fair value on a recurring basis as of September 30, 2010.

Fair vale measurements	Level 1	Level 2	Total
Derivatives	(16,862)	58,095	41,233
Assets			97,970
Liabilities			(56,737)
Total			**41,233**

16. Segment information

a. Segment information

The following information about segments is based upon information used by Cosan's senior management to assess the performance of operating segments and to decide on the allocation of resources. Cosan's operating and reportable segments are business units in Brazil that target different industry segments. Each reportable segment is managed separately because of the need to specifically address customer needs in these different industries. The operations of these segments are based solely in Brazil.

The Company has three operating segments: Sugar and Ethanol ("S&E"), Fuel Distribution and Lubricants ("CCL"), and Sugar Logistics ("Rumo").

The S&E segment produces and sells a broad variety of sugar and ethanol products.

16. Segment information (Continued)

a. Segment information (continued)

The sugar products include raw (also known as very high polarization - VHP sugar), organic, crystal and refined sugars, which are sold to a wide range of customers in Brazil and abroad. Cosan exports the majority of the sugar produced through international commodity trading companies. Cosan’s domestic customers include wholesale distributors, food manufacturers and retail supermarkets, through which it sells its “Da Barra” and “União” branded products. The ethanol products include fuel ethanol and industrial ethanol. Cosan’s principal fuel ethanol products are hydrous and anhydrous. Hydrous ethanol is used as an automotive fuel and anhydrous (which has a lower water content than hydrous ethanol) is used as an additive in gasoline. The fuel ethanol products are mainly sold in the domestic market by fuel distribution companies. Consumption of hydrous ethanol in Brazil is increasing as a result of the introduction of flex fuel vehicles that can run on either gasoline or ethanol (or a combination of both). In addition, the S&E segment sells liquid and gel ethanol products used mainly in the production of paint, cosmetics and alcoholic beverages for industrial clients in various sectors. Also, the S&E segment includes the co-generation activities and most of the corporate activities.

The CCL segment is engaged in the distribution in Brazil of fuel products, derived from petroleum or ethanol, and lubricants as well as the operation of convenience stores. The network to which the fuel distribution segment distributes such products is comprised of approximately 1,700 fuel stations.

The Rumo segment provides logistics services for the transport, storage and port lifting of sugar for both the S&E segment and third parties.

The accounting policies underlying the financial information provided for the segments are based on Brazilian GAAP. We evaluate segment performance based on information generated from the statutory accounting records.

(In thousands of U.S. dollars, unless otherwise stated)

16. Segment information (Continued)

a. Segment information (continued)

Segment profit and loss and selected balance sheet data under Brazilian GAAP is as follows:

	September 30, 2010				
	S&E	CCL	RUMO	Adjustment/ elimination	Consolidated
	Brazilian GAAP				US GAAP
Balance sheet:					
Property, plant & equipment (PP&E)	**2,925,498**	**197,452**	**316,497**	**890,458**	**4,329,905**
Goodwill and Intangible assets	**863,785**	**853,342**	**43,622**	**237,635**	**1,998,384**
Loans, net of cash and cash equivalents	**(2,933,851)**	**(291,130)**	**48,826**	**45,520**	**(3,130,635)**
Others assets (liabilities)	**2,322,030**	**363,853**	**17,317**	**(2,024,581)**	**678,619**
Total net assets	**3,177,462**	**1,123,517**	**426,262**	**(850,968)**	**3,876,273**
Income statements (6 months)					
Net Sales	**1,733,036**	**3,314,244**	**142,858**	**(260,776)**	**4,929,362**
Gross profit	**424,614**	**235,135**	**44,160**	**(72,122)**	**631,787**
Selling general and administrative expenses	**(265,657)**	**(151,402)**	**(8,513)**	**4,608**	**(420,964)**
Operating income	**158,957**	**83,734**	**35,647**	**(67,515)**	**210,823**
Other income (expense)	**89,114**	**6,221**	**5,181**	**(122,052)**	**(21,536)**
Other selected data:					
Additions to PP&E (Capex)	**413,483**	**28,465**	**148,196**	**(300)**	**589,844**
Depreciation and amortization	**248,466**	**15,202**	**4,889**	**78,903**	**347,460**

	March 31, 2010				
	S&E	CCL	RUMO	Adjustment/ elimination	Consolidated
	Brazilian GAAP				US GAAP
Balance sheet:					
Property, plant & equipment (PP&E)	2,775,752	199,983	165,094	856,986	3,997,815
Goodwill and Intangible assets	735,198	774,716	38,824	341,460	1,890,198
Loans, net of cash and cash equivalents	(2,443,354)	(249,839)	(59,799)	69,929	(2,683,063)
Others assets (liabilities)	2,113,306	342,720	7,696	(2,202,267)	261,455
Total net assets	3,180,902	1,067,580	151,815	(933,892)	3,466,405
Income statements (6 months)					
Net sales	1,278,176	2,599,801	44,928	(286,979)	3,635,926
Gross profit	266,074	198,459	12,694	(56,605)	420,622
Selling, general and administrative expenses	(214,306)	(116,646)	(4,338)	47,930	(287,360)
Operating income	51,768	81,813	8,356	(8,675)	133,262
Other income (expense)	37,308	452	304	(45,071)	(7,007)
Other selected data:					
Additions to PP&E (Capex)	427,678	10,831	-	-	438,509
Depreciation and amortization	153,011	9,132	3,664	39,564	205,371

(In thousands of U.S. dollars, unless otherwise stated)

16. Segment information (Continued)

b. Detailed net sales per segment

	September 30, 2010	September 30, 2009
S&E (Brazilian GAAP)		
Sugar	**1,106,711**	763,683
Ethanol	**508,267**	432,109
Cogeneration	**75,824**	36,660
Other	**42,234**	45,724
	1,733,036	1,278,176
CCL (Brazilian GAAP)		
Fuels	**3,034,412**	2,408,126
Lubricants	**232,195**	171,954
Other	**47,637**	19,721
	3,314,244	2,599,801
Rumo (Brazilian GAAP)		
Port lifting	**42,202**	43,481
Logistics	**100,656**	1,447
	142,858	44,928
Adjustments / eliminations	**(260,775)**	(286,979)
Total (US GAAP)	**4,929,363**	3,635,926

c. Net sales by region

The percentage of net sales by geographic area for the six-month periods ended September 30, 2010 and 2009 are as follows:

Sales by geographic area	September 30, 2010	September 30, 2009
Brazil	**60.02%**	52.10%
Europe	**34.84%**	29.37%
Middle east and Asia	**1.59%**	3.05%
North America	**1.15%**	14.02%
Latin American (Except Brazil)	**0.07%**	1.46%
Others	**2.33%**	-
Total	**100.00%**	100.00%

d. Concentration of clients

S&E

There are several clients in this segment, one of which represents more than 10% of the segment net sales -- the SUCDEN Group (15.7% for the six-month period ended September 30, 2010 and 15.1% for the six-month period ended September 30, 2009).

16. Segment information (Continued)

c. *Concentration of clients* (continued)

CCL

In this segment there are no clients that represent more than 10% of the net sales for the six-month period ended September 30, 2010 and 2009.

Rumo

For the six-month period ended September 30, 2010 42.7% of the segment net sales were generated from sales to the S&E segment (34.9% for the six-month period ended September 30, 2009). There are two other customers which represented more than 10% of the net sales for six-month period ended September 30, 2010 and 2009 of this segment. SUCDEN Group accounted for 17% of segment sales for the six-month period ended September 30, 2010 (21% for the six-month period ended September 30, 2009) and the ED&F Man Group accounted for 22.6% of segment sales for the six-month period ended September 30, 2010 (no sales in the previous period).

17. Subsequent events

Perpetual Notes

On November 5, 2010 the subsidiary Cosan Overseas Limited issued *Perpetual Notes* in the foreign market, in accordance with “*Regulation S*” for US$300,000, which are subject to interest of 8.25% p.a. The notes are guaranteed by Cosan.

cosan

Financial Letter

2nd Quarter of Fiscal Year 2011 – July, August and September

Record EBITDA of R$796.7 million

São Paulo, November 10, 2010 - COSAN LIMITED (NYSE: CZZ; Bovespa: CZLT11) and COSAN S.A. INDÚSTRIA E COMÉRCIO (Bovespa: CSAN3) are announcing today their results for the second quarter of fiscal year 2011 (2Q'11), ended on September 30, 2010. The results for 2Q'11 are shown in consolidated form, according to Brazilian corporate legislation.

Marcelo Martins
CFO & DRI

Luiz Felipe Jansen de Mello
Head of IR

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CZZ LISTED NYSE

2Q'11 Highlights

- New quarterly Record of 23.1 million tons of sugarcane crushed
- Revenues of R$81,5 million in cogeneration
- Record Revenues of R$3.0 billion from CCL
- Record EBITDA R$796.7 million, benefited by higher volume sold in all business units, higher prices and increase in transportation revenues from Rumo

Definitions:

FY'11 – fiscal year beginning on April 1, 2010 and ending on March 31, 2011
FY'10 – fiscal year beginning on April 1, 2009 and ending on March 31 , 2010
2Q'11 – quarter ended September 30, 2010
2Q'10 - quarter ended September 30, 2009
YTD'11 - period beginning on the same date as FY'11 and ending at the end of 2Q'11
YTD'10 period beginning on the same date as FY'10 and ending at the end of 1Q'10

Summary of Financial and Operating Information (R$MM)

2Q'10	2Q'11		YTD'10	YTD'11
3,575.3	4,716.1	Net sales	7,141.4	8,715.7
523.8	728.5	• Gross profit	891.5	1,235.0
14.7%	*15.4%*	*Gross Margin*	*12.5%*	*14.2%*
277.8	586.7	• Operating income (loss)	763.4	615.8
7.8%	*12.4%*	*Operating margin*	*10.7%*	*7.1%*
355.7	796.7	• EBITDA	666.9	1,154.7
9.9%	*16.9%*	*EBITDA Margin*	*9.3%*	*13.2%*
173.9	459.6	• Income (loss) before minority interest	501.7	470.2
173.4	439.7	• Net income (loss)	510.6	448.5
4.8%	*9.3%*	*Profit (loss) Margin*	*7.2%*	*5.1%*
373.5	391.4	Capex	795.9	987.4
4,309.7	4,741.0	Net Debt	4,309.7	4,741.0
4,250.9	5,594.1	Shareholders' & Minorities Equity	4,250.9	5,594.1

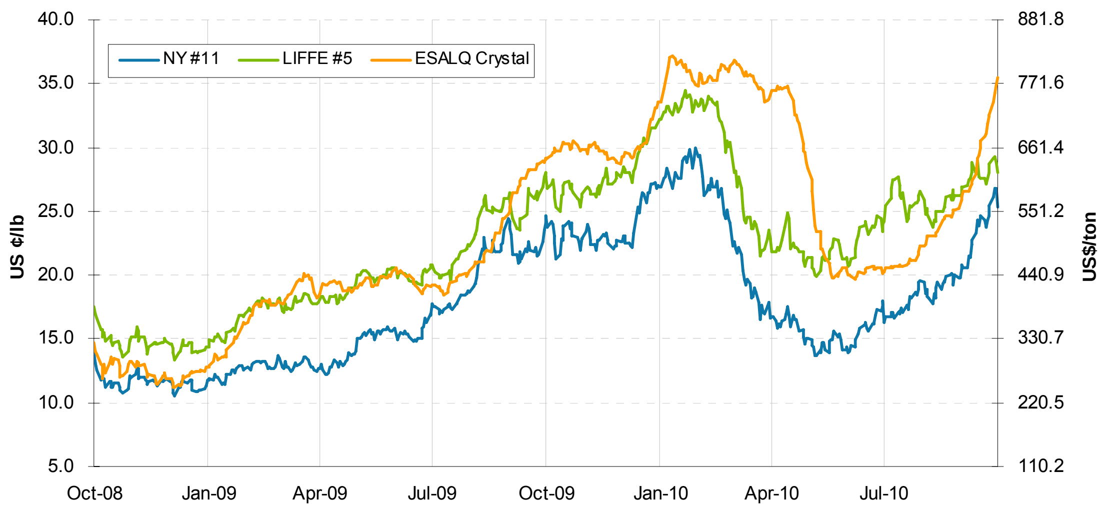
A. Market Overview

According to UNICA data, after a very dry beginning and middle harvest, rainfall returned with intensity greater than expected since the ending of September, adversely affecting crushing and, mostly, reducing the quality of the raw material. Up to the second half of September the Center-South (CS) region had crushed 444.5 million tons of sugarcane, 17.3% over the same period of the previous harvest. The increase in crushing resulted mainly from the earlier start of the harvest, favorable weather conditions and large volume of cane left on the fields from last crop. The production mix continues to maximize sugar, with 45.0% of the sugarcane allocated to this product, compared to 43.6% in the previous harvest, as a result of the higher sugar prices in the domestic and international markets. Thus, 27.1 million tons of sugar and of 20.3 billion liters ethanol were produced, representing an increase of 30.1% and 22.6%, respectively, when compared to the previous harvest.

The increase of sugar production in the CS region of Brazil was accompanied by a strong pace of exports. In the period of April to September 2010, 15.5 million tons of sugar were exported from Brazil, a volume 22.0% greater than for the 2009/10 crop.

Sugar

Sugar Prices - Last 24 months



Source: NYBOT, LIFFE, ESALQ

The strong recovery in international sugar prices in the period resulted from (i) the intense international demand due to low level of inventories deriving from the last two years of world deficit unfavorable (ii) unfavorable climatic conditions in several producing countries. In China, domestic prices reached historical peaks of RMB 7,100/ton (US$1,075/ton) in early November due to the strong volume of rainfall that is delaying the beginning of the 2010/11 harvest. In Russia, one of the major sugar importers, current estimates show production of 2.7 million tons, compared to the initial estimates of more than 4.0 million, raising the need for imports to 3.0 million tons, 1.0 million higher than initially expected. For this reason, the government is already assessing the possibility of bringing forward the seasonal reduction of the import tariff, from US$140.0/ton to US$50.0/ton.

In the European Union, the reduction of local availability will limit sugar exports from the country and the maximum limit of exports established by the WTO of 1.35 million tons will probably not be achieved, compared with the additional exports of 500 thousand tons in the 2009/10 crop. Harvest estimates for Mexico and South Africa, which are traditional exporters of sugar to the U.S. and Asia, respectively, are also being revised, leading to reduced availability for exports. For this reason, traditional importers like Indonesia, Malaysia, Japan and South Korea are already looking for diversification of origin. In Australia, wet weather boosted agricultural yields but decreased TSR levels.

The 2010/11 Indian crop is only beginning, thus market estimates are still ranging from 23.0 to 28.0 million tons. It is important to note, however, that the government announced the release of export licenses of 930 thousand tons of sugar of the ALS (Advanced Licensing Systems) system, which provides on the obligation of exporting white sugar deriving from imported raw sugar since the 2004/05 crop (ton-to-ton). However, although there is an expectation of exports of approximately 2.0 million tons, it is estimated that the country will also have to import 1.7 million tons of raw sugar due to regional differences and to meet the demand of the new refineries.

As a result of this scenario, the price of raw sugar began to show strong recovery in this 2Q'11, presenting an average of ¢US$20.12/lb, in line with the average price for 2Q'10 and 29.6% higher than 1Q'11, reaching ¢US$25.3/lb at the end of September.

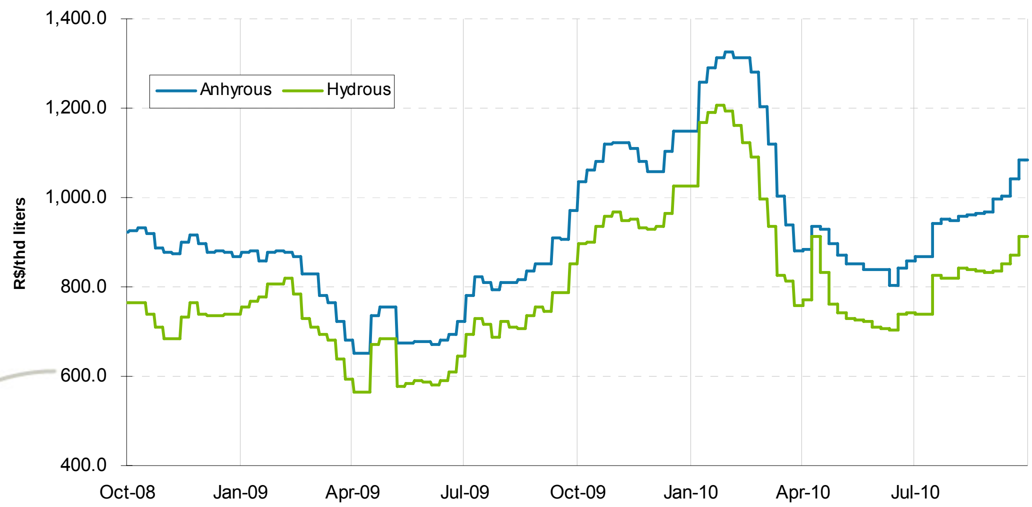
Refined sugar in the international market showed an average price of US$581.4/ton in the period, 11.1% over the 2Q'10 and 18.4% over 1Q'11. With the beginning of production in the European Union and other traditional white sugar producers, the white premium showed and average of US$137.8/ton, compared to US$70.8/ton in 2Q'10 and US$147.4/ton in 1Q'11.

In the 2Q'11, the Real had an average quote of R$1.75/US$, 2.4% less than the average of the previous quarter. The exchange rate at the end of the period was R$1.69/US$, compared to R$1.80/US$ in June 2010 and R$1.78/US$ in September 2009.

In the domestic sugar market, the average price of crystal sugar in the 2Q'11, ESALQ base, was of R$48.0 per 50Kg-bag, equivalent to ¢US$24.9/lb, stable compared to the previous quarter and to the 2Q'10, mainly due to the preference for exports.

Ethanol

Ethanol Prices - Last 24 months



Source: ESALQ

In the domestic ethanol market, prices of anhydrous and hydrous ethanol showed recovery due to the build-up of inventories in this sector. The average price for hydrous, ESALQ base, was of R$826.1/cbm in 2Q'11, 12.2% higher than in the same quarter of the previous year and 9.6% over 1Q'11. The average price of anhydrous was of R$964.3/cbm, showing and increase of 15.0% compared to the 2Q'10 and 11.5% compared to the previous quarter.

The average parity of the price of hydrous ethanol in relation to gasoline in Brazil, weighted by the fleet, according to National Petroleum Agency (ANP) data, was of approximately 65.0% at the end of 2Q'11, which is lower than the 70.0% in 12 states, which represent approximately 67.0% of the flex fuel fleet in Brazil.

Fuels

According to Sindicom, Diesel sales volume in the months of July to September 2010 was 12.7% higher than the same period of the previous year, reaching 10.9 billion liters. Although ethanol is already below the parity in various States, consumption has not yet recovered completely, remaining 6.9% below the same months of the previous year, with 2.5 billion liters traded. For this same reason, the volume of gasoline C showed growth of 16.3% in the period amounting to 5.4 billion liters traded.

B. Production Figures

2Q'10	2Q'11	Production Highlights	YTD'10	YTD'11
18,452	**23,072**	**Sugarcane Crushed (thd tons)**	**35,905**	**42,939**
6,998	10,534	Own Cane (thd tons)	17,665	20,430
11,454	12,538	Suppliers (thd tons)	18,240	22,509
		Production	-	
993	1,169	Raw Sugar (thd tons)	1,858	2,030
421	674	White Sugar (thd tons)	719	1,081
251	316	Anhydrous Ethanol (thd cbm)	395	512
424	674	Hydrous Ethanol (thd cbm)	900	1,233
136.7	**149.6**	**Sugarcane TSR (kg/ton)**	**131.1**	**139.9**
65.3%	**79.3%**	**Mechanization (%)**	**65.3%**	**79.3%**

The start-up of operations of the Jataí and Caarapó greenfields, and the adequate weather conditions, were the major factors responsible for the 25.0% increase of crushing in this quarter compared to the previous year, reaching 23.1 million tons of sugarcane crushed, of which 45.7% of own sugarcane, with a mechanization ratio of 79.3%.

The TSR of 149.6kg/tons of sugarcane and the mix favoring sugar enabled production of 30.3% more sugar, totaling 1.8 million tons, of which 36.6% of white sugar (including refined, crystal and organic), compared to 29.8% in the same quarter of the previous year. Production of ethanol was 990 thousand cbm, 46.7% over the previous period, with anhydrous ethanol reaching 31.9%.

C. Operating Performance

As of the 2011 fiscal year, the Company adopted the *hedge accounting* criteria with the goal of providing greater transparency regarding hedges and their results. All of its effects will be described in detail in the section "Hedge Accounting Impacts."

EBITDA by Business Unit

EBITDA (R$ MM) - 2Q'11	CAA	Rumo	CCL	Total*
Net Revenues	**1,758.5**	**144.7**	**3,017.0**	**4,716.1**
(-) Cost of Product Sold / Services Rendered	(1,279.1)	(100.2)	(2,811.5)	(3,987.6)
(=) Gross Profit	**479.4**	**44.4**	**205.5**	**728.5**
Gross Margin	*27.3%*	*30.7%*	*6.8%*	*15.4%*
(-) Selling Expenses	(169.0)	1.6	(105.1)	(264.6)
(-) General and Administrative Expenses	(102.7)	(8.5)	(26.3)	(137.5)
(-) Other Operating Revenues	174.1	1.5	15.4	183.9
(+) Depreciation and Amortization	270.9	4.9	10.7	286.4
(=) EBITDA	**652.7**	**43.9**	**100.2**	**796.7**
EBITDA Margin	*37.1%*	*30.3%*	*3.3%*	*16.9%*

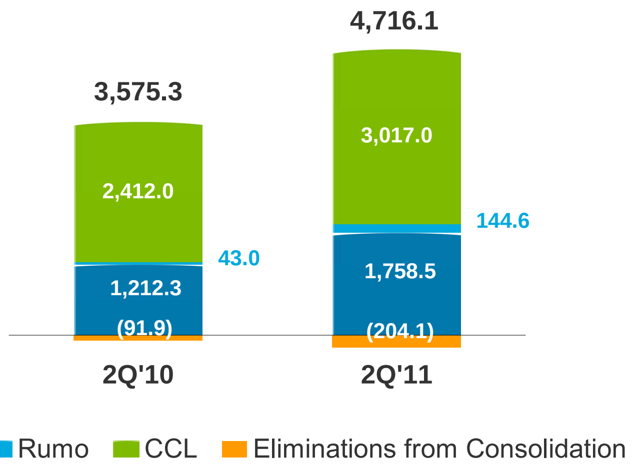
** Total contemplates the effects of consolidation elimination*

Net Revenue

2Q'10	2Q'11	Sales Composition (R$MM)	YTD'10	YTD'11
3,575.3	**4,716.1**	**Net Operating Revenue**	**7,141.4**	**8,715.7**
1,212.3	**1,758.5**	**CAA**	**2,417.5**	**3,032.1**
775.6	1,107.0	● Sugar Revenue - CAA	1,426.7	1,936.3
278.9	*338.3*	*Local*	*415.4*	*648.3*
496.7	*768.7*	*Export*	*1,011.2*	*1,288.1*
327.8	532.4	● Ethanol Revenue - CAA	807.2	889.3
212.9	*453.4*	*Local*	*526.9*	*760.1*
114.9	*79.0*	*Export*	*280.3*	*129.2*
38.5	81.5	● Energy Cogeneration - CAA	67.9	136.8
70.4	37.6	● Other Revenue - CAA	115.7	69.7
43.0	**144.7**	**Rumo**	**82.2**	**250.0**
41.3	46.3	● Loading	79.5	81.4
1.6	98.3	● Transportation	2.7	168.6
2,412.0	**3,017.0**	**CCL**	**4,856.7**	**5,798.6**
2,223.2	2,795.7	● Fuels Revenue - CCL	4,498.7	5,354.8
189.9	*203.2*	*Ethanol*	*345.8*	*373.0*
912.1	*1,102.8*	*Gasoline*	*1,799.9*	*2,177.5*
1,094.4	*1,467.0*	*Diesel*	*2,172.8*	*2,758.5*
26.8	*22.7*	*Other*	*180.2*	*45.7*
170.9	204.6	● Lubes Revenue - CCL	321.2	406.3
18.0	16.7	● Other Revenue - CCL	36.8	37.6
(91.9)	**(204.1)**	**Eliminations from Consolidation**	**(215.0)**	**(365.1)**

Net revenue by Cosan reached R$4.7 billion in the 2Q'11, compared to R$3.6 billion in the same quarter of the previous year. This increase of 31.9% reflects the growth in all business units through the increased capacity, volume sold and services rendered. In CAA, better sugar prices, the start-up of operations at other co-generation projects and the increased production capacity due to (i) improved climatic conditions, (i) start-up of operations at 2 *greenfields* (Jataí and Caarapó) and (iii) sugar mill expansions increased the CAA revenue by 46.8% to R$1.8 billion. CCL showed growth of revenue from sales of fuel, lubricants and other products totaling R$3.0 billion. The revenue of Rumo Logística showed an increase of 227.1%, as a result of the start-up of transportation operations based primarily on the partnership agreement with ALL – America Latina Logística S.A.

Net Operating Revenue (Million R$)



Sugar Sales - CAA

The sales of sugar reached R$1,107.0 million in this quarter, a growth of 42.7% in relation to the same quarter of the previous year. The main effects that contributed to the increase of R$308.0 million were:

⇒ Increase of R$196.8 million resulting from the greater volume sold, 24.6% greater than the same quarter of the previous year. Sales in the domestic market increased 11.9%, reaching 361,000 tons, while exports totaled 1.0 million tons, showing an increase of 29.9%;

⇒ Increase of R$89.2 million due to an 11.2% increase in prices given that prices in the international market were 19.1% more expensive and the prices in the domestic market were kept in line with those from the previous year.

Sugar

Volume (thd tons) and Average Unit Price (R$/ton)

The volume sold during this quarter reflects the recovery of the pace of shipping at the port and the increased production of sugar expected for this harvest. This increase in production is the result of (i) the expected increase in cane crushing based on the consolidation of 12 months of Cosan Alimentos and the more adequate climatic conditions, and (ii) the expansion of sugar mills conducted in the previous year to capture higher sugar prices for this harvest. Thus, even with an increase of 24.6% in the volume sold, the sugar inventories remained at the same level as the 2Q'10.

Sugar Inventories

Inventories: Sugar	2Q'10	2Q'11
'000 ton	1,071.4	1,089.6
R$'MM	477.4	569.5
R$/ton	446	523

Ethanol Sales - CAA

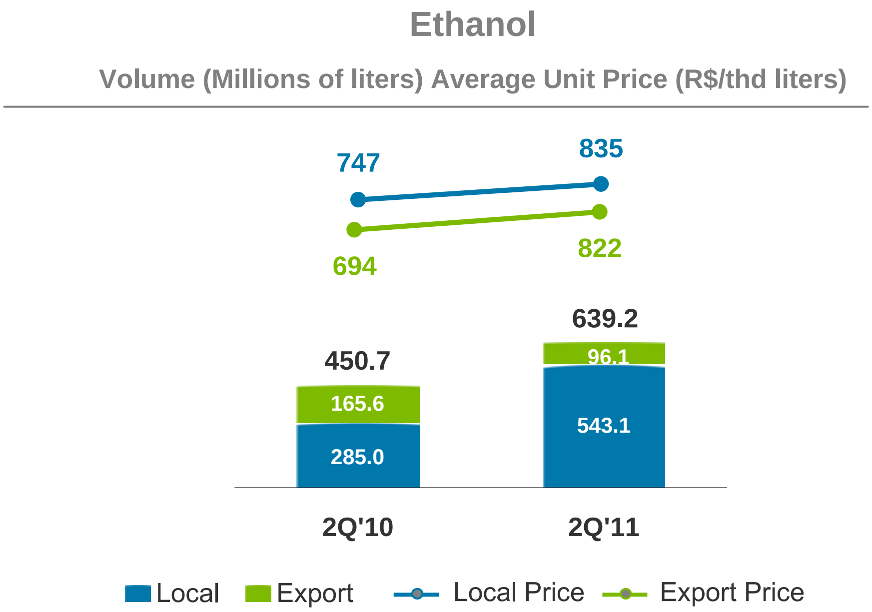
Revenue from ethanol in 2Q'11 totaled R$532.4 million, showing a 62.4% increase when compared to 2Q'10. It is worth highlighting the principal factors that increased revenue by R$204.6 millions:

⇒ Increase of R$137.2 million based on the greater volume sold, 41.8% more than the 2Q'10, resulting from the increase of 90.5% in the volume sold in the domestic market, partially offset by a decrease of 42.0% in exports. It is worth remembering that the volume sold in the 2Q'10 was impacted:

- o In the domestic market, by the commercial decision to decrease the pace of sales due to perspective increases in the price of ethanol in the following months, as occurred during the offseason. In the current quarter, with the increased ethanol inventory kept by the sector, the company opted to maintain a normal pace for its ethanol sales; and
- o In the international market, by contracts established in the beginning of that fiscal year and which were fulfilled throughout the 2009/10 harvest.

⇒ Increase of R$47.6 million as a result of an 11.8% increase in prices in the domestic market and an increase of 18.6% in the international market;

⇒ In addition, revenue for the 2Q'11 was benefited from R$19.9 million in sales mix aimed at the domestic market, which displayed higher prices and represented 85.0% of sales for the period, compared to 63.3% in the 2Q'10.



Despite the 41.8% increase in the volume sold compared to the same quarter from the previous year, the Company's commercial strategy of not accelerating or deferring sales in this fiscal year, added to a production that was 46.7% greater than the previous fiscal year, elevating the ethanol inventory by 62.7%, totaling 733.1 million liters at the end of 2Q'11.

Ethanol Inventories

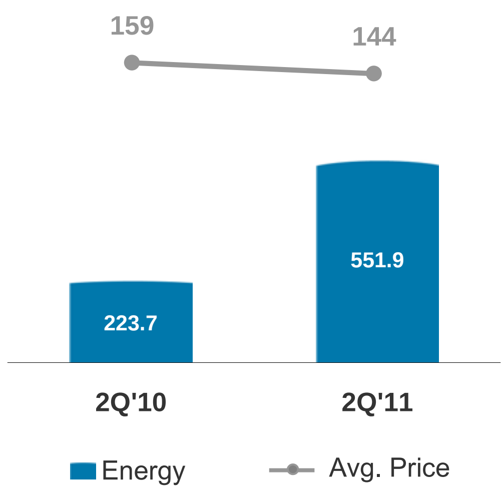
Inventories: Ethanol		
	2Q'10	2Q'11
'000 cbm	450.5	733.1
R$'MM	315.4	561.6
R$/cbm	700	766

Cogeneration of Energy - CAA

Revenue from energy totaled R$81.5 million through the sale of R$2.1 million of steam and 551.9 thousand MWh of energy at an average price of R$143.8/MWh. The growth of 158.1% in the volume sold is the result of start-up of operations at new cogeneration units (totaling 10 this year, compared to 6 in the previous year) and the *ramp-up* of others. On the other hand, these new units have an average price for their long-term contracts that is lower than those for the units already in operation, since they had previously established their energy prices when the same were at higher levels.

Cogeneration

Volume ('000 MWh) and Average Unit Price (R$/MWh)



Other Products and Services - CAA

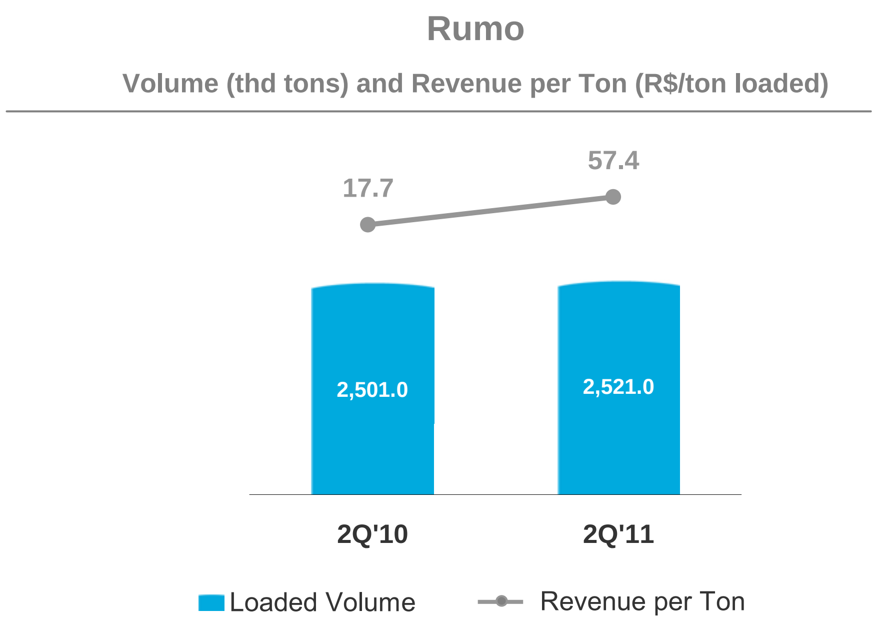
Revenue from other CAA products and services showed a reduction of 46.5%, or R$32.7 million in relation to 2Q'10, due mainly to: (i) the reduction of retail sales of the DaBarra food products, such as breakfast specialties, due to a strategic repositioning of Cosan Alimentos, and (ii) reduction of the sale of diesel oil, mainly to service providers in the agricultural area, due to the increase of own agricultural machinery and equipment, which raised the company's level of mechanization.

Rumo

Rumo's net revenue amounting to R$144.7 million in 2Q'11 was 3.4 times greater than the 2Q'10, as a result of the start-up of transportation operations in January 2010. Excluding port operations, Rumo obtained revenue of R$98.3 million with transportation operations alone, principally through the contract in partnership with ALL signed in the previous year.

The load volume was kept in line with the previous year, totaling 2,521 thousand tons of sugar. As anticipated in its investment plan, Rumo prioritized the purchase of the rolling stock (locomotives and railcars) and the investment in the permanent way. Therefore, the port terminal investments will only occur in the next fiscal year, providing gains in efficiency and productivity that will result in an increased load volume. Of the total loaded, CAA represented 33.1%, or 834.0 thousand tons for the period.

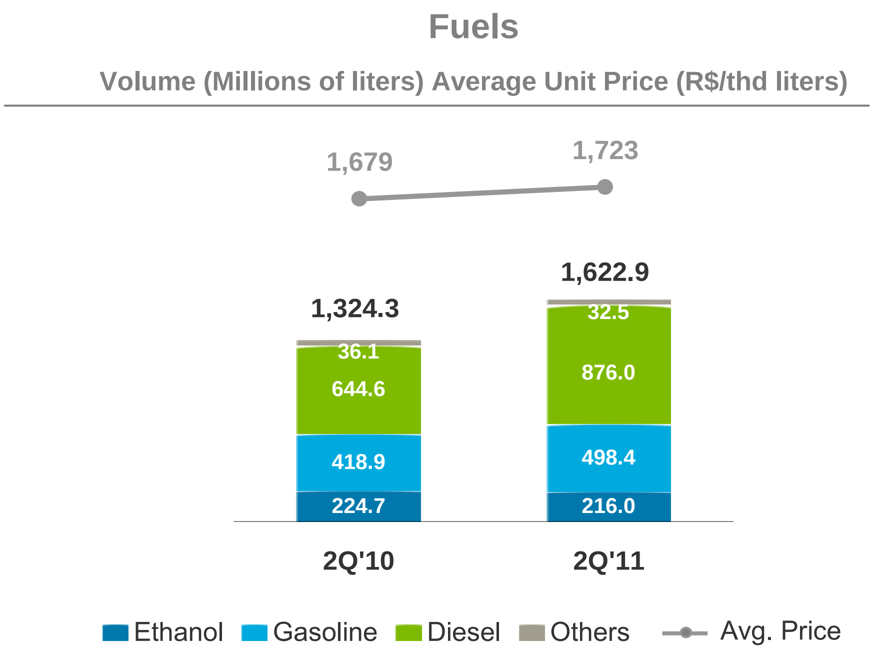
In addition, the average price for the period, considering the added value of the product shipped at the port terminal, was R$57.4/ton or 3.2 times greater than that of the previous year, impacted mainly by the increase in transportation operations. With the increase in transportation revenue in the total revenue mix of Rumo, the trend is for the average unit price to continue increasing.



Fuel Sales - CCL

CCL net revenue totaled R$3.0 billion in 2Q'11, 25.1% over the same quarter of the previous year, with revenue from fuels increasing by 25.8%, reaching R$2.8 billion. The main factors affecting the fuel revenue in this quarter were:

- ⇒ Growth of 35.9% in the volume of Diesel sold compared to 2Q'10. This increase occurred due to the following factors:
  - o Gains in retail *market-share* and, especially, in the industrial segment; and
  - o Increase in national Diesel consumption that, according to Sindicom, increased 12.1% in the 2Q'11 compared to the 2Q'10 due to the increase in the demand for industrial clients and transportation due to the recovery of economic activity in the country, showing a strong correlation between the GDP and the sale of diesel.
- ⇒ Increase of 19.0% in the volume of C gasoline sold in relation to the 2Q'10, due to the increase in the percentage of motorists using *flex fuel* cars that opt for this fuel instead of hydrous ethanol;
- ⇒ The greatest participation of diesel and gasoline in the sales mix that have higher prices than ethanol;
- ⇒ The 11.3% increase in the average price of ethanol was partially offset by the 4% decrease in the quantity sold.

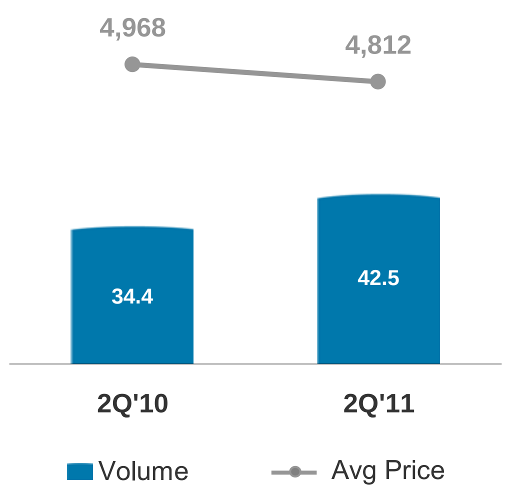


Lubricant Sales - CCL

The revenue of R$204.6 million in the lubricant business results from the strong sales volume of 42.5 million liters for the quarter and from the focus on *premium* products, which offer more aggregate value. The drop in average unit price in the period reflects the opportunity perceived by CCL of serving a sales niche for processing oil. These sales contributed to raising the nominal revenue of the lubricant business, yet impacted the average unit price in the quarter, as they show a lower average prices than for the *premium* profile of the other products.

Lubricants

Volume (Millions of liters) Average Unit Price (R$/thd liters)



The CCL inventories increased by 25.8%, accompanying the growth of the fuel volume sold. However, we analyzed the inventory by sale days and there was no significant change, remaining constant at approximately 8 days.

CCL Inventories

(Includes Fuels and Lubricants)

Inventories: CCL	2Q'10	2Q'11
'000 cbm	119.4	150.2
R$'MM	244.0	299.9
R$/cbm	2,044	1,997

Cost of Goods Sold

The Cost of Goods Sold (COGS) totaled R$4.0 billion, compared to R$3.1 billion in the same quarter of the previous year. In CAA, the increase of 45.5%, or R$400.0 million is mainly due to the higher volume sold and the increased depreciation. In CCL, the growth of 26.2%, or R$853.2 million in the COGS is mainly due to the higher volume sold and is also slightly impacted by the increased participation of gasoline and Diesel in the *mix* of products sold, along with the increase in the price of ethanol.

2Q'10	2Q'11	COGS per Product	YTD'10	YTD'11
(3,051.5)	**(3,987.6)**	**Cost of Good Sold (R$MM)**	**(6,249.9)**	**(7,480.7)**
(879.2)	(1,279.1)	CAA	(1,912.5)	(2,289.2)
(499.4)	*(706.2)*	*Sugar*	*(930.8)*	*(1,240.5)*
(318.8)	*(493.3)*	*Ethanol*	*(864.3)*	*(915.4)*
(60.9)	*(79.6)*	*Others CAA + Cogeneration*	*(117.4)*	*(133.3)*
(32.1)	(100.2)	Rumo	(58.5)	(172.7)
(2,228.3)	(2,811.5)	CCL	(4,486.0)	(5,387.2)
88.1	203.2	Eliminations from Consolidation	207.1	368.5
		Average Unit Cost		
		CAA		
398	431	Unit Cash COGS of Sugar (R$/ton)	385	459
565	584	Unit Cash COGS of Ethanol (R$/thd liters)	347	311
1,640	1,688	CCL (R$/thousand liters)	1,617	1,712

** the cash-cost of sugar and ethanol does not include depreciation and amortization of planted areas, agricultural depreciation (machinery and equipment), industrial depreciation and inter-harvest maintenance.*

CAA

Since the beginning of FY'11, we have shown the unit cost for sugar and ethanol without the amortization and depreciation (cash cost) effects, aiming at better analyzing its behaviors throughout the quarters.

The effects of depreciation and amortization on the unit costs reflect the investments made in mechanization of the harvest, in greenfield projects that started operating at the end of the last harvest, the investment in maintenance of our industrial structure and in the planting of sugarcane, which returned to historic levels.

The costs of goods sold and services rendered by CAA amounted to R$ 1.3 billion, resulting in an increase of 45.5%, or R$ 400.0 million, in relation to the same period of the previous year. The main factors that explain this increase are (i) the higher amount of sugar and ethanol sold, which is responsible for the increase of R$ 256.4 million, and (ii) an increase of R$ 121.9 million in depreciation. However, it is important to highlight certain impacts that occurred in the course of this quarter, which led to an increase of cash unit costs for sugar and for ethanol, by 8.3% and 3.2 %, respectively:

⇒ Reversal of R$ 23 million from the provision for sale at market prices for ethanol inventories, made in 1Q'11;

⇒ Increase in TRS (Total Sugar Recoverable) from 136.7kg/ton of sugar cane to 149.6kg/ton due to more improved climatic conditions, which improved costs in R$45.0 million in 2Q'11; and

⇒ However, these positive impacts have been more than offset by the 17.6% increase in the TRS average value calculated by Consecana, which went from R$ 0.2996/kg of TRS to

R$ 0.3524/kg of TRS, resulting in a higher leasing cost of land and cane from sugarcane suppliers, totaling an additional cost of approximately R$ 90 million in this quarter.

Rumo

Rumo's COGS in 2Q'11 was of R$ 100.2 million and considers costs related to loading services, transshipment, storage in the countryside and hiring of rail and road and freight.

CCL

CCL's COGS showed an increase of 26.2% when compared with 2Q'10. Excluding the volume factor, the unit cost of R$ 1,655/m3 in 2Q'11 was 3.1% higher than for the same quarter of the previous year. This effect is a result of the following factors:

- ⇒ The cost of the ethanol is 9.6% higher than in the 2Q'10;
- ⇒ Selling mix with higher gasoline and Diesel participation;
- ⇒ Reduction of the unit cost of lubricants, which occurred due to:
  - o Appreciation of the Real compared to the US Dollar affecting the cost of basic oil, which is the main raw material used in the production of lubricants; and
  - o Opportunity captured by CCL to serve a sales niche in processing oil, of which the COGS is much lower than for premium goods, as previously mentioned;
- ⇒ The effect caused on 2Q'10 inventories that accumulated due to the Change in Control (CIC) in December 2008 and that still impacted the costs of 2Q'10 (which were higher because of the international oil prices).

Gross Profit

With these results, 2Q'11 showed gross profit of R$ 728.5 million, 39.1% more than for the comparable quarter of the previous year, showing a margin of 15.4%. CAA contributed with a gross profit of R$ 479.4 million, with a gross cash margin for ethanol of 29.9%, and 46.6% for sugar, and from the greater participation of the results of cogeneration. Rumo, in turn, contributed with a gross profit of R$ 44.4 million, showing a consolidated margin of 30.7%. In CCL, the gross margin was reduced from 7.6% to 6.8% on account of alteration of the product mix and the Diesel sales increase for industrial clients, which has a smaller margin.

2Q'10	2Q'11	Gross Margin per Product	YTD'10	YTD'11
		Unitary Gross Margin		
		CAA		
306	376	Gross Margin (Cash) Sugar (R$/ton)	297	381
162	249	Gross Margin (Cash) Ethanol (R$/thd liters)	322	502
135	123	CCL (R$/thousand liters)	134	131
		% Gross Margin/Net Revenues		
		CAA		
43.5%	46.6%	Gross Margin (Cash) Sugar	43.5%	45.3%
22.2%	29.9%	Gross Margin (Cash) Ethanol	48.1%	61.8%
25.2%	30.7%	Rumo	28.8%	30.9%
7.6%	6.8%	CCL	7.6%	7.1%

Selling Expenses

The selling expenses showed a growth of 25.2%, or R$ 53.3 million in relation to 2Q'10, mainly due to the increase of the sales volume by CAA and by CCL, which resulted in higher freight expenses.

2Q'10	2Q'11	Selling Expenses	YTD'10	YTD'11
(211.3)	**(264.6)**	**Selling Expenses (R$MM)**	**(420.9)**	**(479.8)**
(121.5)	(169.0)	CAA	(240.8)	(280.7)
-	1.6	Rumo	-	0.1
(93.7)	(105.1)	CCL	(188.1)	(206.3)
3.9	7.8	*Elimination*	8.0	7.1

CAA

The selling expenses of CAA in 2Q'11 showed a significant increase of 39.1%, reaching R$169.0 million, mainly because of the higher volume of sugar sold, both in the local and in the export markets. Excluding the volume factor, the selling expenses showed an increase of approximately 5.8% due to more expensive freight, which is due to the economic recovery in the country.

Rumo

In this quarter, Rumo benefited from an accounting entry rectification related to transshipment and storage which had been classified as Selling Expenses in 1Q'11 and were reclassified as Cost of Goods Sold in July.

CCL

CCL's selling expenses showed an increase of 12.2%, or R$ 11.4 million, reaching R$ 105.1 million mainly due to the increase in the volume sold. Thus, when analyzing the selling expenses by units, one can see a decrease of 8.5%, from R$ 69.0/m3 in 2Q'10 to R$ 63.1/m3 in 2Q'11, benefited by a higher dilution of fixed expenses due to a 22.6% increase on the volume sold.

General and Administrative Expenses

The general and administrative expenses of R$ 137.5 million represented an increase of 18.3% in relation to the R$ 116.2 million from 2Q'10. This increase occurred in all of our business units and reflects the efforts and investments, mostly non-recurring, which are being made in order to improve controls and management, but principally aiming at more operating efficiency when the investments have been completed. The main factors that impacted the general and administrative expenses are described below:

2Q'10	2Q'11	General & Administrative Expenses	YTD'10	YTD'11
(116.2)	**(137.5)**	**G&A Expenses (R$MM)**	**(205.5)**	**(257.7)**
(98.0)	(102.7)	CAA	(167.5)	(184.1)
(4.7)	(8.5)	Rumo	(8.1)	(15.0)
(13.5)	(26.3)	CCL	(29.8)	(58.6)

CAA

CAA general and administrative expenses of R$102.7 million in 2Q'11 showed an increase of 4.8% when compared to the same quarter of the previous year. This increase of R$4.7 million is mainly a result of the non-recurring expenses related to the formation process of the JV (Joint Venture) with Shell.

Rumo

Rumo's general and administrative expenses amounted to R$8.5 million in 2Q'11, showing an increase of 80.9%, as expected. This increase is a result of:

⇒ Non-recurring expenses related to the Company's private placement process;

⇒ Hiring of new executives beginning in 2Q'10, aimed at strengthening the senior and middle management teams of the Company;

⇒ Consultancy firms to review and renegotiate contracts with suppliers;

⇒ Advisory for the start and monitoring of the transport operations.

CCL

CCL's general and administrative expenses amounted to R$ 26.3 million in 2Q'11, compared to the R$ 13.5 million in the 2Q'10, impacted by: (i) bonus provision of R$ 7.0 million, which was not accrued in 2Q'10; (ii) R$ 5.0 million of non-recurring expenditures relative to adjustments for transition to the CAN and for implementation of the Joint Venture with Shell, and (iii) R$ 0.8 million from additional expenses with the current CAN structure, which is expected to start generating efficiency profits beginning in the next fiscal year and partially offset by the cost reduction with personnel and processes.

EBITDA

With these results, Cosan reached an EBITDA of R$ 796.7 million in 2Q'11, 124.0% more than the EBITDA of 2Q'10, of R$ 355.7 million. Of this total, CAA contributed with R$ 652.7 million, 151.6% more than its EBITDA for 2Q'10 benefited by better prices, larger volumes and Other Operating Revenue, totaling R$ 174.1 million. CCL collaborated with R$ 100.2 million and Rumo collaborated with R$ 44.0 million.

2Q'10	2Q'11	EBITDA	YTD'10	YTD'11
355.6	**796.7**	**EBITDA (R$MM)**	**666.9**	**1,154.7**
9.9%	*16.9%*	*Margin*	*9.3%*	*13.2%*
259.4	652.7	● CAA	465.7	890.3
20.7%	*37.1%*	*Margin*	*18.6%*	*29.4%*
9.9	43.9	● Rumo	28.9	80.1
23.1%	*30.3%*	*Margin*	*35.2%*	*32.0%*
86.3	100.2	● CCL	172.3	184.3
3.6%	*3.3%*	*Margin*	*3.5%*	*3.2%*

CAA

CAA other operating Revenues amounted to R$174.1 million in the quarter, due to:

⇒ Net gain by reduced equity participation in Rumo Logística amounting to R$ 202.8 million because of the Subscription Agreement established via investments managed by TPG Participações S.A. and Gávea Investimentos. This Agreement occurred by means of increase of the capital of Rumo Logística, amounting to R$ 400.0 million to be paid in equal parts by the Investors. As a result of this operation, Cosan, which indirectly held 92.9% of Rumo, will now hold 69.7%, generating a net gain by reduced equity participation; and

⇒ Expenses of R$ 28.7 million related to provisions for legal demands and other expenses

Depreciation and amortization of R$ 270.9 million, 87.8% more than those recorded in 2Q'10 (R$ 144.3 million), result (i) from the larger volume sold in the period, and (ii) from the heavy investment plan that is being implemented with the objective of increasing production yields through agricultural mechanization, cogeneration and industrial enhancements, in addition to the investments in expansion of the sugar production capacity and growth of the crushing capacity in new units (greenfields). Thus, CAA showed an EBITDA of R$ 652.7 million, with a margin of 37.1%.

Rumo

Impacted by the start-up of transport activities, Rumo's EBITDA in 2Q'11 reached R$ 44.0 million, with a margin of 30.4%, an amount that is 3.4 times higher than 2Q'11. The depreciation for the period was R$ 4.9 million.

CCL

This quarter, CCL had an EBITDA of R$100.2 million with a margin of R$60.2/thousand liters, or 3.3%. This EBITDA figure was mainly impacted by a better mix of products sold, both fuels and lubricants, which offset the lower gross margin of ethanol and the extraordinary selling expenses, both general and administrative. Other non-recurring revenue in the amount of R$15.4 million from the sale of non-operating assets also had a positive impact on EBITDA in the period analyzed.

CCL's depreciation and amortization of R$10.7 million in the quarter, 17.9% more than in 2Q10, result from (i) intangible amortization of Cosanpar (R$2.0 million), which did not impact 2Q10, and (iii) investments in maintenance and repairs at fuel stations, aimed at improving the image of such stations, as well as investments in terminal expansion and improvement, performed in the previous year.

Financial Result

The financial result in 2Q11 was a net revenue of R$80.1 million compared with the net revenue of R$78.9 million in the same quarter of the previous year.

Expenses related to debt charges increased by 7.0%, mainly due to the higher indebtedness and interest rates in 2Q11 compared to the same period of the previous year.

The net effect of foreign exchange variation increased by R$187.7 million in 2Q11 compared to R$200.2 million in 2Q10. This smaller increase in the foreign exchange is mainly due to the lower volatility of the Brazilian Real versus the US dollar, which appreciated by 5.9% in 2Q11 (R$1.8006/US$ on June 30, 2010 and R$1.6942/US$ on September 30, 2010) compared to a 8.9% valuation in the same period of the previous year (R$1.9516/US$ on June 30, 2009 and R$1.8677/US$ on September 30, 2009).

This results from derivatives in this quarter was positive in R$15.5 million compared with R$16.6 million loss in the same quarter of the previous year, already net of impact of the hedge accounting commented below.

The result of foreign exchange derivatives reflects the impacts on the selling position that the Company holds, given its exporting profile, seeking coverage for its future sales denominated in US dollars in a scenario where the foreign exchange rate appreciated by 5.9% this quarter and 8.9% in 2Q10, as previously mentioned. On the other hand, the Company was negatively impacted by commodities derivatives this quarter, especially sugar, net of the hedge accounting effects, when compared to a scenario of significant losses in the same quarter of the previous year due to our selling position in sugar derivatives and considering a significant appreciation of sugar contract (NY#11), which were priced at ¢US$16.50/lb on June 30, 2009 and ¢US$24.12/lb on September 30, 2009. It is worth highlighting that hedge accounting was not applied in 2Q10.

The position of volumes and prices of sugar established with trading companies or through financial derivative instruments on September 30, 2010, as well as the foreign exchange derivative contracts signed with the purpose of protecting the Company's future cash flows, are summarized as follows:

Summary of Hedge* as of September 30, 2010:	Fiscal Year	
	2010/11	2011/12
Sugar		
NY#11		
Volume (thd tons)	*1,218.4*	*921.8*
Average Price (¢US$/lb)	*22.0*	*17.5*
London #5		
Volume (thd tons)	*125.9*	-
Average Price (US$/ton)	*568.8*	-
Ethanol		
BM&F		
Volume (cubic meters)	*900.0*	-
Average Price (R$/cbm)	*1,048.3*	-
US$		
Volume (US$ million)	*(18.5)*	*396.0*
Average Price (R$/US$)	*1.766*	*1.997*

Note: For sugar we considerer written options once they are in the money as a hedge while for FX derivatives we consider the Delta, regardless if in or out of the money

Gross debt charges amounted to R$113.3 million, a 7.0% increase when compared to a total of R$105.9 million in 2Q10. It is important to highlight the change in the debt profile in 2Q11 compared to 2Q10, which was mainly due to new funding from BNDES and settlements performed in previous quarters in relation to the Senior Notes, valid until 2009, promissory notes, debentures and bank credit notes.

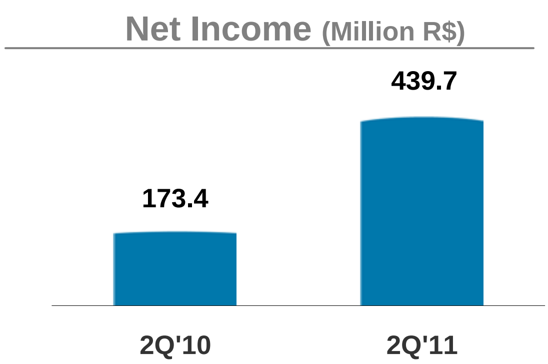
2Q'10	2Q'11	Financial Expenses, Net (R$MM)	YTD'10	YTD'11
(105.9)	(113.3)	Interest on Financial Debt	(201.5)	(222.2)
17.0	18.3	Financial Investments Income	27.6	36.3
(88.9)	**(95.0)**	**(=) Sub-total: Interest on Net Financial Debt**	**(173.9)**	**(186.0)**
(15.3)	(26.9)	Other charges and monetary variation	(38.9)	(50.2)
200.2	187.7	Exchange Variation	578.8	155.5
(16.6)	15.5	Gains (losses) with Derivatives	144.2	23.3
(0.5)	(1.3)	Others	2.1	(1.9)
78.9	**80.1**	**(=) Net Financial Expenses**	**512.3**	**(59.2)**

Impacts of Hedge Accounting

As of April 1st, 2010, the Company adopted hedge accounting in the cash flow hedge category for certain financial derivative instruments designated for covering the price risk and foreign exchange risk from sugar export revenues. In the quarter ended on September 30, 2010, there was a deferral (reclassification between results and the "reserve" account in shareholders' equity) of R$212.5 million in net losses with these derivatives. In 2Q11, there was an appropriation of gains from a variation in the fair value of derivatives in the amount of R$16.9 million, recorded as net operating revenue. The table below shows the forecast for the transfer of deferred balances in shareholder equity into net operating revenues, according to the coverage period of each of the designated instruments.

			Expected period to affect P&L		
Derivative	**Market**	**Risk**	**2010/11**	**2011/12**	**Total**
Future	OTC/NYBOT	#11	(192,998)	(101,594)	(294,592)
NDF	OTC/CETIP	USD	28,490	66,933	95,423
(=) Hedge Accounting impact			**(164,508)**	**(34,661)**	**(199,169)**
(-) Deferred income taxes			55,933	11,779	67,712
(=) Other comprehensive income			**(108,575)**	**(22,882)**	**(131,457)**

Net Income



Cosan ended 2Q11 showing a net income of R$439.7 million compared with a net income of R$173.4 million in 2Q10. This result was benefited by higher volumes in CAA and CCL, better prices, especially for sugar and ethanol, and the ramp-up of Rumo's transportation activity and cogeneration projects. Net income also benefited from the foreign exchange variation effect in the period and other operating revenues, especially the net gain from the reduction of our equity in Rumo.

D. Indebtedness

The gross financial debt, excluding Resolution 2471[1], totaled R$5.7 billion in 2Q11, an increase of 3.1% in relation to the R$5.6 billion in 1TQ and 8.9% more than the indebtedness of R$5.3 billion existing at the end of 2Q10.

In 2Q11, the Company received R$244.0 million as Advances on Foreign Exchange Agreements, as well as R$58.7 million from agricultural credits, in addition to the clearing of R$163.4 million in credit facilities granted by BNDES and Finame, mainly for energy cogeneration projects, greenfields and mechanization of sugarcane crops. Moreover, there was an amortization of around R$107.3 million in the period.

Debt per Type (R$MM)	2Q'10	1Q'11	2Q'11	% ST	Var.
Foreign Currency	**2,494.4**	**3,480.7**	**3,460.3**		**(20.4)**
Perpetual Notes	809.6	820.2	771.4	1.2%	(48.85)
Senior Notes 2017	719.4	741.5	685.5	0.7%	(56.02)
Senior Notes 2009	66.4	-	-	0.0%	-
Senior Notes 2014	630.0	653.7	601.1	0.9%	(52.54)
IFC	83.0	-	-	0.0%	-
FX Advances	91.0	184.2	382.6	100.0%	198.43
Pre-Export Contracts	95.1	899.1	845.8	35.4%	(53.27)
Export Credit Notes	-	182.1	173.9	2.6%	(8.14)
Local Currency	**2,764.0**	**2,077.0**	**2,269.1**		**192.02**
Promissory Notes	1,233.7	-	-	0.0%	-
BNDES	714.8	1,336.3	1,342.9	26.4%	6.66
Finame (BNDES)	210.0	342.9	456.9	10.9%	114.03
Working Capital	20.5	18.9	18.3	26.4%	(0.61)
Overdraft	37.2	54.3	20.2	100.0%	(34.09)
Credit Banking Notes	217.4	-	-	0.0%	-
Debentures	152.6	-	-	0.0%	-
Credit Notes	222.9	304.8	314.8	28.5%	9.98
CDCA	-	60.1	61.8	51.5%	1.66
Crédito Rural	-	-	89.4	0.0%	
Expenses with Placement of Debt	(45.2)	(40.3)	(35.3)	30.0%	5.03
Gross Debt	**5,258.3**	**5,557.8**	**5,729.4**	**18.1%**	**171.62**
Cash and Marketable Securities	948.6	1,054.9	988.4		(66.55)
Net Debt	**4,309.7**	**4,502.9**	**4,741.0**		**238.16**

At the end of 2Q11, Cosan's cash resources totaled R$0.9 billion, accounting for a net indebtedness of R$4.7 billion, equivalent to 2.1 times EBITDA in the last 12 months.

[1] *As disclosed in note 13 of the financial statement, this Resolution 2471 debt are backed by National Treasury certificates acquired by the Company and recorded as non-current assets. There for, we do not take this debt into account when analyzing our indebtedness.*

E. Investments

Cosan's flow of investments in the second quarter totaled R$393.5 million, with Capex of R$391.4 million, consisting mainly of investments in Rumo, planting and environment.

The consolidated Capex for 2Q11 was 4.8% higher, mainly influenced by (i) investments of R$127.0 million by Rumo, (ii) the return of historical planting levels, totaling R$87.5 million and (iii) the investment of R$43.3 million in projects related to Safety, Health and Environment (SHE).

2Q'10	2Q'11	Capex (R$MM)	YTD'10	YTD'11
109.6	**183.3**	**CAA - Capex operacional**	**277.8**	**465.5**
44.8	87.5	● Sugar Cane Planting Costs	116.5	188.5
1.8	(5.4)	● Inter-harvest Maintenance Costs	26.6	55.6
5.8	43.3	● SSMA & Sustaining	6.8	52.1
-	33.6	● Mecanização	-	87.2
57.2	24.3	● Projects CAA	127.9	82.1
255.3	**55.7**	**CAA - Capex de expansão**	**497.3**	**231.1**
92.4	15.0	● Co-generation Projects	171.0	113.8
155.2	18.2	● Greenfield	318.6	42.6
7.7	22.5	● Expansão	7.7	74.7
365.0	**239.0**	**CAA - Total**	**775.2**	**696.7**
7.7	**25.3**	**CCL**	**19.2**	**39.8**
0.8	**127.0**	**Rumo**	**1.5**	**250.9**
373.5	**391.4**	**(=) Capex Consolidado**	**795.9**	**987.4**
29.2	2.1	● Investments	(29.3)	7.9
(1.5)	17.2	● Cash received on Sale of Fixed Assets	0.6	17.9
401.2	**410.7**	**(=) Investment Cash Flow**	**767.2**	**1,013.2**

* mechanization during 2Q10 is under CAA Projects

CAA

In 2Q11 the company returned to historical investment levels in planting, showing a 95.3% increase compared to the same period of the previous year, totaling R$87.5 million. In the period, 42.1 thousand hectares were planted, representing a 26.8% increase in relation to the 33.2 thousand hectares planted in 2Q10, in addition to 8.6 thousand hectares of soil preparation in non-planted areas, an increase of around 62.3% compared to the 5.3 thousand hectares of the same period of the previous year.

This quarter we had an accounting entry reversal in the amount of R$5.4 million under Inter-harvest Maintenance.

Investments related to Safety, Health and Environment (SHE) represented a significant amount in 2Q11, with a 392.2% increase compared to the previous quarter, and approximately 646.6% compared to the same quarter of the previous year. 95.0% of the total amount invested was used in vinasse projects, which is a liquid byproduct derived from the ethanol manufacturing process and reused as fertilizer.

Investments in mechanization remain strong this quarter, totaling R$33.6 million and basically composed of agricultural equipment and machinery, as well as adaptation of the units to receive sugarcane originating from mechanized harvest. It is important to mention that, this quarter, the Company has already conducted 80.0% of the harvest in areas it owns using mechanized methods.

The various CAA projects consumed R$24.3 million and consist mainly of investments in the industrial and agricultural areas, seeking to increase productivity and efficiency of the Company's units.

Investments in cogeneration amounted to R$15.0 million, reflecting the projects of the following units: Barra and Bonfim, which are almost completed; Ipaussu, which is currently under construction; and Univalem, which is in the engineering specification stage, starting construction and acquisition of the main equipment.

Cosan's greenfield projects, Jataí (state of Goiás) and Caarapó (state of Mato Grosso do Sul), received investments of R$18.2 million in the period, mainly related to investments in agricultural assets, as well as logistics/administrative assets. These units are currently in operation, which justifies the lower level of investments compared to 2Q10. These investments are basically aimed at increasing the sugarcane crushing capacity, sugar and ethanol production and energy production, in order to achieve full production capacity in the coming years.

Investments in sugar mill capacity expansion totaled R$22.5 million. The units of Gasa, Ipaussu, Bonfim, Junqueira and Tamoio have already been completed and construction is ongoing at the Costa Pinto and Barra units.

Rumo

In 2Q11, Rumo received investments of R$127.0 million, in line with the amount invested in the first quarter of this year. This amount includes the acquisition of railcars and locomotives. It is worth highlighting the acquisition of 17 locomotives and the speed-up of construction in the permanent railway.

CCL

In 2Q11, CCL's capex totaled R$25.3 million, equivalent to 3.3 times the amount recorded in the same quarter of the previous year. The main investments in this period were the reactivation of distribution terminals and the construction of a new terminal at Alto Taquari, the implementation of new programs and systems, especially to the fiscal department and the update of lubricants storage system.

F. Relevant Facts

⇒ On August 25, Cosan S.A. and Cosan Limited successfully concluded the negotiations with Shell International Petroleum Company Limited and have entered into definitive agreements providing for the creation of a proposed joint venture involving certain of their respective assets, resulting in an estimated amount of US$12 billion.

⇒ On August 30, Cosan S.A. paid dividends in the amount of R$200,000,000, equivalent to R$0.491388181 per share.

⇒ On September 10, Cosan Limited distributed dividends relative to fiscal year 2010, amounting US$70,413,337.75, corresponding to US$0.260127888 per class A and/or B share. Payment in Brazil to the holders of BDRs occurred on September 17, 2010, for an amount of R$0.446561545 per BDR, based on a foreign exchange rate defined on September 10, 2010.

⇒ On September 2, Rumo Logística S.A. received capitalization in a total amount of R$400,000,000.00 of investment vehicles managed by TPG Capital and Gávea Investimentos, which afterwards proceeded to detain 12.5% of Rumo each. These funds, added to the financing secured with the BNDES, assure the totality of the funds required for Rumo's investments plan.

⇒ On October 29 Cosan Overseas Limited, a subsidiary of Cosan S.A., priced its Perpetual Senior Notes, amounting to US$300 million, with an interest rate of 8.25% per annum, paid quarterly. The Notes are guaranteed by Cosan S.A. and, with the conclusion of the proposed joint venture between Cosan and Shell, by Cosan Combustíveis e Lubrificantes S.A. (CCL), which will then proceed to detain exclusively the lubricants business.

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G. Guidance

This section contains guidance ranges for selected key parameters of the Company for the fiscal year 2011, which began on April 1st, 2010 and will end on March 31st, 2011. Note that statements in other sections of this letter may also contain projections. These projections and guidance are merely estimates and indicative, and should not be construed as a guarantee of future performance. This guidance takes into consideration the operations held by the Cosan group today, which includes CAA, CCL, and Rumo Logística.

The guidance for this fiscal year has been revised in order to reflect some impacts suffered until the end of this quarter (2Q'11) in our business units.

As already mentioned in this quarterly letter, the dry weather that penalized the entire Brazilian Center South region caused a decline in agricultural productivity yields, reflecteting in lower availability of sugarcane. Consequently, raw material (bagasse) for energy cogeneration was also reduced, lowering the amount of energy available for sale, but enough to fulfill all energy contracts. For the same reason, sugar production could not be maximized as much as forecasted in the beginning of the crop which, added to the delay of the start of operations of the new sugar mills, will result in lower production of this product.

The lower availability of sugar in the CS region will also slow down the pace of Brazilian exports in the 2nd half of this fiscal year, which we expect to be reflected in a lower transported and loaded volume by Rumo Logística.

On the other hand, CCL was able to capture more market share than expected and was benefited by the recovery in the Brazilian economic activity which added to the growth in vehicle fleet, will result in sales of fuels and lubricants above our initial projections.

In a consolidated view, the above mentioned impacts together with higher sugar and ethanol prices will partially compensate each other, therefore net revenues and EBITDA will vary within the range previously presented.

Guidance	2009FY	2010FY	2011FY
Crushed Cane Volume (thousand tons)	43,127	50,314	54.000 ≤ Δ ≤ 58.000
Sugar Volume Sold (thousand tons)	3,187	4,135	4.100 ≤ Δ ≤ 4.500
Ethanol Volume Sold (million liters)	1,671	2,148	2.000 ≤ Δ ≤ 2.200
Volume of Energy Sold (thousand MWh)	-	596	1.000 ≤ Δ ≤ 1.300
Loading Volume (thousand tons)	3,479	8,124	9.000 ≤ Δ ≤ 11.000
Transportation Volume (thousand tons)	-	-	5.000 ≤ Δ ≤ 6.000
Volume of Fuels Sold (million liters)	1,681	5,491	5.700 ≤ Δ ≤ 6.200
Volume of Lubes Sold (million liters)	34	131	140 ≤ Δ ≤ 160
Revenues (R$MM)	6,270	15,336	16.500 ≤ Δ ≤ 18.500
EBITDA (R$MM)	718	1,733	2.000 ≤ Δ ≤ 2.400
Net Profit/Loss (R$MM)	(474)	986	*
Capex (R$MM)	1,346	1,926	1.900 ≤ Δ ≤ 2.300

H. Financial Statements of Cosan S.A. - BRGAAP

Income Statement (In million of reais)	Apr'08 FY'08	Mar'09 FY'09	Mar'10 FY'10	Se´p'09 2Q'10	Dec'09 3Q'10	Mar'10 4T'10	Jun'10 1T'11	Set'10 2T'11
Gross Operating Revenue	**2,978.6**	**6,732.8**	**16,685.9**	**3,907.2**	**4,145.1**	**4,790.0**	**4,369.4**	**5,199.8**
(-) Sales Taxes and Deductions	(242.5)	(462.7)	(1,349.8)	(331.9)	(344.6)	(395.9)	(369.8)	(483.7)
(=) Net Operating Revenue	**2,736.2**	**6,270.1**	**15,336.1**	**3,575.3**	**3,800.5**	**4,394.1**	**3,999.6**	**4,716.1**
(-) Cost of Goods Sold and Services Rendered	(2,387.1)	(5,470.7)	(13,210.7)	(3,051.5)	(3,340.5)	(3,620.3)	(3,493.1)	(3,987.6)
(=) Gross Profit	**349.0**	**799.4**	**2,125.4**	**523.8**	**460.0**	**773.9**	**506.6**	**728.5**
Margin	*12.8%*	*12.7%*	*13.9%*	*14.7%*	*12.1%*	*17.6%*	*12.7%*	*15.4%*
(-) Operating Income (Expenses):	**(418.0)**	**(1,508.5)**	**(712.5)**	**(246.1)**	**(206.9)**	**(377.4)**	**(477.4)**	**(141.8)**
(-) Selling	(301.3)	(432.6)	(864.6)	(211.3)	(218.4)	(225.3)	(215.2)	(264.6)
(-) General and Administrative	(210.2)	(275.9)	(497.2)	(116.2)	(117.9)	(173.7)	(120.2)	(137.5)
(-) Financial Income (Expenses), Net	284.3	(817.4)	420.4	78.9	(78.3)	(13.7)	(139.3)	80.2
(±) Earnings (Losses) on Equity Investments	6.6	14.0	(18.6)	0.0	(9.4)	(5.8)	(0.4)	(3.7)
(-) Goodwill Amortization	(201.4)	(196.5)	(85.6)	-	-	-	-	-
(±) Other Operating Income (Expenses), Net	4.0	199.9	333.1	2.5	217.0	41.1	(2.3)	183.9
(=) Operating Income (Loss)	**(69.0)**	**(709.1)**	**1,412.9**	**277.8**	**253.0**	**396.5**	**29.1**	**586.7**
Margin	*-2.5%*	*-11.3%*	*9.2%*	*7.8%*	*6.7%*	*9.0%*	*0.7%*	*12.4%*
(±) Income and Social Contribution Taxes	18.7	234.7	(433.8)	(103.8)	(85.3)	(86.9)	(18.5)	(127.2)
(±) Minority Interest	2.5	0.6	7.5	(0.6)	(0.7)	(0.9)	(1.9)	(19.8)
(=) Net Income (Loss) for the Year	**(48.0)**	**(474.0)**	**986.5**	**173.0**	**167.0**	**309.0**	**9.0**	**440.0**
Margin	*-1.8%*	*-7.6%*	*6.4%*	*4.8%*	*4.4%*	*7.0%*	*0.2%*	*9.3%*
● **EBITDA**	**182.9**	**718.0**	**1,733.1**	**355.7**	**490.4**	**575.9**	**358.0**	**796.7**
Margin	*6.7%*	*11.5%*	*11.3%*	*9.9%*	*12.9%*	*13.1%*	*9.0%*	*16.9%*
● Depreciation & Amortization	341.3	427.2	636.3	156.8	149.7	160.0	189.2	286.4

Balance Sheet (In million of reais)	Apr'08 FY'08	Mar'09 FY'09	Mar'10 FY'10	Se´p'09 2Q'10	Dec'09 3Q'10	Mar'10 4T'10	Jun'10 1T'11	Set'10 2T'11
Cash and Cash Equivalents	1,010.1	719.4	1,078.4	948.6	864.1	1,078.4	1,054.9	988.4
Restricted Cash	79.6	11.8	45.0	149.5	172.1	45.0	51.3	76.0
Derivative Financial Instruments	6.9	17.0	230.6	97.4	72.0	230.6	144.5	166.0
Trade Accounts Receivable	215.2	599.2	766.4	589.7	511.1	766.4	619.1	760.0
Inventories	570.5	1,106.2	1,046.7	1,531.5	1,936.8	1,046.7	1,433.7	1,938.8
Advances to Suppliers	226.1	206.0	235.6	336.7	241.2	235.6	323.5	293.9
Related Parties	16.3	57.2	24.9	21.6	24.6	24.9	49.9	21.2
Deferred Income and Social Contribution Taxes	-	42.5	76.3	48.1	29.2	76.3	94.6	94.5
Recoverable Taxes	129.8	265.4	327.9	342.9	307.8	327.9	355.4	396.4
Other Assets	17.9	50.3	61.2	41.7	54.0	61.2	68.3	71.9
Current Assets	**2,272.4**	**3,074.9**	**3,892.8**	**4,107.9**	**4,212.8**	**3,892.8**	**4,195.1**	**4,807.1**
Accounts Receivable from Federal Government	342.2	323.4	333.7	329.0	331.4	333.7	336.3	339.2
CTN's-Restricted Brazilian Treasury Bills	151.7	177.6	205.7	189.3	194.6	205.7	217.6	228.5
Deferred Income and Social Contribution Taxes	357.0	700.0	560.1	551.5	334.2	560.1	521.5	576.1
Advances to Suppliers	77.3	48.0	63.7	85.1	132.5	63.7	52.5	65.1
Related Parties	-	-	81.4	151.8	149.9	81.4	79.6	77.8
Other Assets	94.4	132.4	211.8	190.2	210.8	211.8	216.7	225.2
Investments	120.3	278.2	193.1	196.5	194.0	193.1	193.6	207.6
Property, Plant and Equipment	2,776.3	3,465.2	5,561.1	4,671.4	4,871.5	5,561.1	5,836.0	5,878.4
Intangible	1,160.7	2,447.5	2,901.3	2,737.5	2,765.5	2,901.3	2,921.2	2,931.8
Noncurrent Assets	**5,079.9**	**7,572.5**	**10,112.0**	**9,102.3**	**9,184.4**	**10,112.0**	**10,375.0**	**10,529.8**
(=) Total Assets	**7,352.4**	**10,647.4**	**14,004.8**	**13,210.2**	**13,397.2**	**14,004.8**	**14,570.1**	**15,336.9**
Loans and Financings	78.2	1,449.5	800.9	1,184.7	892.6	800.9	860.3	1,058.6
Derivatives Financial Instruments	50.7	66.9	76.7	215.4	232.9	76.7	37.4	96.1
Trade Accounts Payable	191.0	456.1	569.4	712.5	712.1	569.4	716.3	832.1
Salaries Payable	80.7	93.2	141.6	180.9	133.0	141.6	219.9	225.5
Taxes and Social Contributions Payable	116.1	168.6	215.9	230.9	201.0	215.9	197.4	239.2
Related Parties	-	5.2	14.4	3.8	50.5	14.4	120.1	66.0
Dividendos a pagar	-	-	116.6	-	-	116.6	116.6	7.0
Other Liabilities	49.9	85.8	182.4	100.7	123.4	182.4	189.4	198.4
Current Liabilities	**566.5**	**2,325.2**	**2,117.9**	**2,629.0**	**2,345.5**	**2,117.9**	**2,457.3**	**2,722.8**
Loans and Financing	2,106.2	2,885.5	5,136.5	4,667.4	4,859.1	5,136.5	5,322.7	5,310.8
Taxes and Social Contributions Payable	359.3	328.8	593.5	288.9	255.7	593.5	597.9	606.3
Provision for Legal Proceedings	832.4	1,105.9	444.4	1,143.4	755.7	444.4	456.1	469.3
Related Parties	-	405.2	-	-	-	-	-	-
Pension Fund	-	60.4	61.8	62.3	61.6	61.8	59.8	57.8
Other Liabilities	144.4	139.9	493.1	168.4	155.8	493.1	487.8	575.8
Noncurrent Liabilities	**3,442.3**	**4,925.5**	**6,729.3**	**6,330.3**	**6,087.8**	**6,729.3**	**6,924.2**	**7,020.0**
Minority Shareholders' Interest	**17.7**	**30.9**	**47.8**	**30.4**	**47.0**	**47.8**	**49.7**	**246.5**
Capital	2,935.3	3,819.8	4,687.8	4,155.3	4,687.7	4,687.8	4,687.8	4,691.1
Capital Reserve	-	41.7	50.6	50.2	50.1	50.6	51.1	51.5
Profits Reserve	180.2	-	374.2	-	-	374.2	374.2	290.8
Legal Reserve	16.0	-	-	-	-	-	-	-
Revaluation Reserves	194.4	-	-	-	-	-	-	-
Ajuste de Avaliação Patrimonial	-	-	(2.9)	-	-	(2.9)	17.0	(134.3)
Accumulated losses	-	(495.7)	-	15.0	179.1	-	8.7	448.4
Shareholders' Equity	**3,325.8**	**3,365.7**	**5,109.8**	**4,220.5**	**4,917.0**	**5,109.8**	**5,138.9**	**5,347.6**
(=) Total Liabilities & Shareholders' Equity	**7,352.4**	**10,647.4**	**14,004.8**	**13,210.2**	**13,397.2**	**14,004.8**	**14,570.1**	**15,336.9**

Cash Flow Statement (In millions of reais)	Apr'08 FY'08	Mar'09 FY'09	Mar'10 FY'10	Se´p'09 2Q'10	Dec'09 3Q'10	Mar'10 4T'10	Jun'10 1T'11	Set'10 2T'11
Net Income (Loss) for the Year	**(47.8)**	**(473.8)**	**986.5**	**173.4**	**167.1**	**308.7**	**8.7**	**439.7**
Non-cash Adjustments:								
Earnings (Losses) from Equity Investments	(6.6)	(14.0)	18.6	(0.0)	9.4	5.8	0.4	3.7
Depreciation & Amortization	341.3	427.2	636.3	156.8	149.7	160.0	189.2	286.4
Losses (Gains) in Fixed Assets Disposals	(1.2)	(208.9)	(80.5)	0.8	1.1	20.8	3.1	(11.8)
Goodwill Amortization	201.4	196.5	85.6	-	-	-	-	-
Accrued Financial Expenses	(116.0)	932.5	(150.5)	(84.0)	(60.5)	281.9	162.6	(56.0)
Other Non-cash Items	(42.4)	(197.9)	104.2	74.0	(154.1)	51.2	38.8	(90.5)
(=) Adjusted Net Profit (Loss)	**328.8**	**661.5**	**1,600.3**	**321.0**	**112.6**	**828.3**	**402.7**	**571.6**
(±) Variation on Assets and Liabilities	(360.1)	(234.5)	(42.5)	(312.9)	(142.7)	217.3	96.6	(725.2)
(=) Cash Flow from Operating Activities	**(31.3)**	**427.0**	**1,557.8**	**8.1**	**(30.1)**	**1,045.7**	**499.3**	**(153.7)**
Additions on Investments, Net of Cash Received	(160.5)	(1,823.6)	(16.0)	(29.2)	(14.7)	(30.7)	(8.2)	(12.7)
Additions on Property, Plant and Equipment	(1,053.1)	(1,346.1)	(1,926.1)	(359.1)	(401.0)	(745.4)	(595.9)	(398.9)
Cash Received on Sale of Fixed Asset	12.2	372.1	126.2	1.5	1.8	5.3	0.7	17.2
(=) Cash Flow from Investment Activities	**(1,201.4)**	**(2,797.6)**	**(1,816.0)**	**(386.8)**	**(413.9)**	**(770.9)**	**(603.5)**	**(394.4)**
Additions of Debt	198.3	1,478.0	3,427.9	1,045.8	1,665.5	543.8	642.4	495.9
Payments of Principal and Interest on Debt	(839.4)	(257.2)	(2,846.6)	(317.3)	(1,838.4)	(563.1)	(561.6)	(224.7)
Capital Increase	1,742.6	884.5	533.9	1.4	532.4	0.1	-	-
Treasury Stock	-	(4.2)	-	-	-	-	-	-
Capital Increase by noncontrolling	-	15.4	-	-	-	-	-	403.3
Dividends	(75.8)	-	-	-	-	-	-	(193.0)
Other	-	(36.6)	(498.0)	(335.4)	-	(41.3)	-	-
(=) Cash Flows from Financing Activities	**1,025.7**	**2,079.9**	**617.1**	**394.4**	**359.5**	**(60.5)**	**80.7**	**481.5**
(=) Total Cash Flow	**(207.0)**	**(290.7)**	**359.0**	**15.7**	**(84.6)**	**214.3**	**(23.5)**	**(66.5)**
(+) Cash & Equivalents, Beginning	1,217.1	1,010.1	719.4	932.9	948.6	864.1	1,078.4	1,054.9
(=) Cash & Equivalents, Closing	**1,010.1**	**719.4**	**1,078.4**	**948.6**	**864.1**	**1,078.4**	**1,054.9**	**988.4**

Credit Statistics (LTM) (In million of reais)	Apr'08 FY'08	Mar'09 FY'09	Mar'10 FY'10	Se´p'09 2Q'10	Dec'09 3Q'10	Mar'10 4T'10	Jun'10 1T'11	Set'10 2T'11
Net Operating Revenues	**2,736.2**	**6,270.1**	**15,336.1**	**12,056.9**	**13,291.7**	**15,336.1**	**15,769.6**	**16,910.3**
● Gross Profit	349.0	799.4	2,125.4	1,509.4	1,591.4	2,125.4	2,264.2	2,468.9
● EBITDA	182.9	718.0	1,733.1	1,173.1	1,323.1	1,733.1	1,779.9	2,220.9
● EBIT	(158.4)	290.8	1,096.8	753.3	824.7	1,096.8	1,124.3	1,435.7
● Encargos Financeiros da Dívida Líquida	106.2	179.9	361.8	308.4	329.8	361.8	104.4	113.3
● Net Profit	(47.8)	(473.8)	986.5	475.6	637.5	986.5	657.9	924.3
Liquid Funds								
● Cash and Cash Equivalents	1,010.1	719.4	1,078.4	1,098.2	864.1	1,078.4	1,054.9	988.4
Short-Term Debt								
● Loans and Financings	69.3	1,442.7	793.8	1,171.6	886.5	793.8	848.5	1,058.6
Long-Term Debt								
● Loans and Financings	1,562.5	2,312.3	4,540.0	4,086.8	4,278.4	4,540.0	4,709.3	5,310.8
Total Debt	**1,631.8**	**3,755.0**	**5,333.8**	**5,258.3**	**5,164.9**	**5,333.8**	**5,557.8**	**6,369.4**
Net Debt	**621.7**	**3,035.6**	**4,255.4**	**4,160.2**	**4,300.8**	**4,255.4**	**4,502.9**	**5,381.0**
Current Assets	2,272.4	3,074.9	3,892.8	4,107.9	4,212.8	3,892.8	4,195.1	4,807.1
Current Liabilities	566.5	2,325.2	2,117.9	2,629.0	2,345.5	2,117.9	2,457.3	2,722.8
Shareholders' Equity	**3,325.8**	**3,365.7**	**5,109.8**	**4,220.5**	**4,917.0**	**5,109.8**	**5,138.9**	**5,347.6**
Capex - Property, Plant and Equipment	**1,053.1**	**1,346.1**	**1,180.7**	**1,546.7**	**1,515.3**	**1,180.7**	**595.9**	**595.9**
● Capex - Operational	781.9	565.0	500.2	626.5	673.9	500.2	282.2	282.2
EBITDA Margin	**6.7%**	**11.5%**	**11.3%**	**9.7%**	**10.0%**	**11.3%**	**11.3%**	**13.1%**
● Gross Profit Margin	12.8%	12.7%	13.9%	12.5%	12.0%	13.9%	14.4%	14.6%
● EBIT Margin	-5.8%	4.6%	7.2%	6.2%	6.2%	7.2%	7.1%	8.5%
● Net Profit Margin	-1.7%	-7.6%	6.4%	3.9%	4.8%	6.4%	4.2%	5.5%
Net Debt ÷ Shareholders' Equity								
● Net Debt %	15.8%	47.4%	45.4%	49.6%	46.7%	45.4%	46.7%	50.2%
● Shareholders' Equity %	84.2%	52.6%	54.6%	50.4%	53.3%	54.6%	53.3%	49.8%
Long-Term Payable Debt to Equity Ratio	0.5x	0.7x	0.9x	1.0x	0.9x	0.9x	0.9x	0.2x
Liquidity Ratio (Current Assets ÷ Current Liabilities)	4.0x	1.3x	1.8x	1.6x	1.8x	1.8x	1.7x	1.8x
Net Debt ÷ EBITDA	**3.4x**	**4.2x**	**2.5x**	**3.5x**	**3.3x**	**2.5x**	**2.5x**	**2.4x**
● Short-Term Net Debt ÷ EBITDA	0.4x	2.0x	0.5x	1.0x	0.7x	0.5x	0.5x	0.5x
Net Debt ÷ (EBITDA - Capex)	**-0.7x**	**-4.8x**	**7.7x**	**-11.1x**	**-22.4x**	**7.7x**	**3.8x**	**3.3x**
● Net Debt ÷ (EBITDA - Operational Capex)	-1.0x	19.8x	3.5x	7.6x	6.6x	3.5x	3.0x	2.8x
Interest Cover (EBITDA ÷ Net Financial Exp.)	**1.7x**	**4.0x**	**4.8x**	**3.8x**	**4.0x**	**4.8x**	**17.0x**	**19.6x**
● Interest Cover (EBITDA - Op.Capes)÷Net Fin.)	-5.6x	0.9x	3.4x	1.8x	2.0x	3.4x	14.3x	17.1x
Avg. Debt Cost (Net.Fin.Exp. ÷ Net Debt)	**17.1%**	**5.9%**	**8.5%**	**7.4%**	**7.7%**	**8.5%**	**2.3%**	**2.1%**

I. Financial Statements of Cosan Limited – USGAAP

Income Statement (In millions of U.S. dollars)	Apr'08 FY'08	Apr'09 FY'09	Mar'10 FY'10	Se´p'09 2Q'10	Dec'09 3Q'10	Mar'10 4T'10	Jun'10 1T'11	Set'10 2T'11
Net sales	**1,491.2**	**2,926.5**	**8,283.2**	**1,915.7**	**2,209.5**	**2,437.7**	**2,233.8**	**2,695.5**
(-) Cost of goods sold	(1,345.6)	(2,621.9)	(7,223.3)	(1,655.5)	(1,965.3)	(2,041.1)	(1,994.5)	(2,305.7)
(=) Gross profit	**145.6**	**304.6**	**1,059.9**	**260.1**	**244.3**	**396.6**	**239.4**	**389.8**
(-) Selling expenses	(168.6)	(213.3)	(470.3)	(115.1)	(128.0)	(125.2)	(122.7)	(151.2)
(-) General and administrative expenses	(115.1)	(140.1)	(271.3)	(62.8)	(106.7)	(93.9)	(68.3)	(79.9)
(=) Operating income (loss)	**(138.1)**	**(48.8)**	**318.3**	**82.3**	**9.6**	**177.6**	**48.4**	**158.7**
Operating margin	*-9.3%*	*-1.7%*	*3.8%*	*4.3%*	*0.4%*	*7.3%*	*2.2%*	*5.9%*
(-) Other income (expense):								
Financial	116.8	(370.8)	203.7	64.1	(80.4)	4.2	(62.3)	61.8
Other	(3.7)	(2.3)	178.9	0.9	155.5	30.5	(0.1)	(21.4)
(=) Income (loss) before income taxes	**(25.0)**	**(421.9)**	**700.9**	**147.3**	**84.7**	**212.3**	**(14.0)**	**199.1**
(-) Income taxes expense (benefit)	19.8	144.7	(184.8)	(49.4)	(52.3)	(6.5)	(1.2)	(69.9)
(=) Income (loss) before equity	**(5.2)**	**(277.2)**	**516.2**	**97.9**	**32.4**	**205.8**	**(15.3)**	**129.2**
(±) Equity in income of affiliates	(0.2)	6.1	(10.3)	0.0	(3.8)	(4.8)	0.6	(2.1)
(±) Minority interest in net (income) loss	22.0	83.0	(174.0)	(34.0)	(7.3)	(77.0)	2.8	(50.4)
(=) Net income (loss)	**16.6**	**(188.1)**	**331.9**	**63.9**	**21.3**	**124.0**	**(11.9)**	**76.7**
Margin	*1.1%*	*-6.4%*	*4.0%*	*3.3%*	*1.0%*	*5.1%*	*-0.5%*	*2.8%*
● **EBITDA**	**94.3**	**239.6**	**985.8**	**190.9**	**338.8**	**315.8**	**193.5**	**342.0**
Margin	*6.3%*	*8.2%*	*11.9%*	*10.0%*	*15.3%*	*13.0%*	*8.7%*	*12.7%*
● **EBIT**	**(141.8)**	**(51.1)**	**497.3**	**83.1**	**165.1**	**208.1**	**48.2**	**137.3**
Margin	*-9.5%*	*-1.7%*	*6.0%*	*4.3%*	*7.5%*	*8.5%*	*2.2%*	*5.1%*
● Depreciation and amortization	236.1	290.7	488.5	107.7	173.7	107.7	145.3	204.8

Cash Flow Statement (In millions of U.S. dollars)	Apr'08 FY'08	Mar'09 FY'09	Mar'10 FY'10	Se´p'09 2Q'10	Dec'09 3Q'10	Mar'10 4T'10	Jun'10 1T'11	Set'10 2T'11
● **Cash flow from operating activities:**								
Net income (loss) for the year/quarter	16.6	(188.1)	331.9	63.9	21.3	124.0	(11.9)	76.7
Adjustments to reconcile net income (loss) to cash provided by operating activities:								
Depreciation and amortization	236.1	290.7	488.5	107.7	173.7	107.7	145.3	204.8
Deferred income and social contribution taxes	(52.4)	(145.3)	143.3	59.3	52.3	(35.0)	(5.3)	42.9
Interest, monetary and exchange variation	(43.7)	497.3	(131.4)	(67.9)	(57.8)	130.6	72.3	(5.6)
Minority interest in net income of subsidiaries	(22.0)	(83.0)	174.0	34.0	7.3	77.0	1.1	46.5
Others	15.2	14.5	(137.3)	(47.8)	(99.0)	(2.7)	11.5	25.5
	149.8	**386.1**	**869.0**	**149.3**	**97.8**	**401.6**	**213.0**	**390.7**
Decrease/increase in operating assets and liabilities:								
Trade accounts receivable, net	(57.1)	(23.7)	1.4	(8.5)	46.9	(93.6)	85.1	(85.1)
Inventories	(31.7)	(85.9)	126.2	(178.6)	(198.8)	415.1	(158.0)	(261.3)
Advances to suppliers	(8.4)	21.1	37.4	7.3	27.0	41.9	(42.6)	7.3
Trade accounts payable	33.7	33.4	(26.1)	30.3	0.9	(81.4)	81.5	73.5
Derivative financial instruments	90.4	4.4	(111.1)	57.9	25.5	(178.2)	67.7	(107.8)
Taxes payable	(19.6)	(17.1)	192.5	(29.7)	(0.6)	252.1	(16.1)	19.2
Other assets and liabilities, net	(99.4)	(61.8)	(278.2)	(12.1)	11.2	(310.3)	64.7	(54.0)
	(92.2)	**(129.6)**	**(58.1)**	**(133.3)**	**(88.0)**	**45.6**	**82.4**	**(408.2)**
(=) Net cash provided by operating actitivities	**57.6**	**256.6**	**811.0**	**16.0**	**9.8**	**447.2**	**295.3**	**(17.5)**
● **Cash flow from investing activities:**								
Restricted cash	(25.9)	29.3	(18.7)	(63.0)	(14.6)	73.4	(28.5)	(16.4)
Marketable securities	(671.0)	558.8	-	-	-	-	-	-
Acquisition of property, plant and equipment	(642.9)	(606.2)	(1,081.5)	(211.5)	(239.6)	(403.4)	(333.3)	(256.6)
Acquisitions, net of cash acquired	(102.0)	(930.4)	(9.0)	2.1	(239.7)	230.7	(2.1)	(7.6)
Other	-	160.7	6.0	(8.8)	(14.1)	(63.5)	0.4	80.9
(=) Net cash used in investing actitivities	**(1,441.7)**	**(787.8)**	**(1,103.2)**	**(281.3)**	**(507.9)**	**(162.8)**	**(363.4)**	**(199.6)**
● **Cash flow from financing activities:**								
Proceeds from issuance of common stock	1,118.4	200.0	-	0.7	303.7	(304.4)	-	227.8
Capital increase on subsidiary from minority	324.4	11.2	57.4	(0.3)	(1.3)	121.3	-	-
Dividends Paid	(44.9)	-	-	-	-	-	-	(184.3)
Additions of financial debt	117.5	789.5	2,020.7	596.8	996.1	339.2	356.6	315.3
Payments of financial debt	(492.1)	(111.1)	(1,839.5)	(351.4)	(1,064.4)	(354.5)	(311.8)	(152.4)
Other	-	(17.8)	(85.6)	-	-	(85.6)	-	-
(=) Net cash provided by financing actitivities	**1,023.3**	**871.9**	**153.0**	**245.8**	**234.0**	**(284.0)**	**44.8**	**206.4**
Effect of exchange rate changes on cash and cash	112.6	99.7	195.7	170.8	(46.8)	48.2	1.0	4.9
(=) Variation in cash & equivalents	**(248.2)**	**440.4**	**56.5**	**151.3**	**(310.9)**	**48.5**	**(22.3)**	**(5.9)**
(+) Cash and cash equivalents at beginning of year	316.5	68.4	508.8	676.3	827.6	508.8	623.7	601.4
(=) Cash and cash equivalents at end of year	**68.4**	**508.8**	**565.2**	**827.6**	**516.7**	**557.3**	**601.4**	**595.5**

Balance Sheet (In millions of U.S. dollars)	Apr'08 FY'08	Mar'09 FY'09	Mar'10 FY'10	Se´p'09 2Q'10	Dec'09 3Q'10	Mar'10 4T'10	Jun'10 1T'11	Set'10 2T'11
Assets								
Current assets:								
Cash and cash equivalents	68.4	508.8	623.7	769.1	516.7	623.7	601.4	595.5
Restricted cash	47.2	5.1	25.3	84.1	98.8	25.3	28.5	44.8
Marketable securities	1,014.5	-	-	-	-	-	-	-
Derivative financial instruments	31.5	7.4	129.5	54.8	41.4	129.5	80.2	98.0
Trade accounts receivable, net	126.9	258.9	430.3	331.6	293.5	430.3	343.7	448.6
Inventories	337.7	477.8	587.7	861.3	1,112.3	587.7	795.8	1,144.4
Advances to suppliers	133.7	89.0	132.3	189.4	138.6	132.3	179.6	173.5
Deferred income taxes	-	114.6	184.1	192.8	176.8	184.1	197.3	255.6
Other current assets	103.2	66.0	49.2	56.1	54.1	49.2	66.6	33.5
	1,863.0	**1,527.5**	**2,161.9**	**2,539.3**	**2,432.2**	**2,161.9**	**2,292.9**	**2,793.9**
Noncurrent assets:								
Property, plant and equipment, net	2,018.1	2,259.4	4,146.5	3,554.3	3,737.0	4,146.5	4,205.3	4,473.6
Goodwill	772.6	888.8	1,362.1	1,592.5	1,624.4	1,362.1	1,361.8	1,479.7
Intangible assets, net	106.1	243.1	602.3	256.9	255.3	602.3	582.2	592.8
Accounts Receivable from Federal Government	202.8	139.7	187.4	185.1	190.3	187.4	186.7	200.2
Other non-current assets	306.4	362.6	534.8	580.5	635.0	534.8	561.2	624.2
	3,406.1	**3,893.6**	**6,833.0**	**6,169.2**	**6,442.0**	**6,833.0**	**6,897.2**	**7,370.5**
(=) Total assets	**5,269.1**	**5,421.1**	**8,994.9**	**8,708.6**	**8,874.2**	**8,994.9**	**9,190.2**	**10,164.4**
Liabilities and shareholders' equity								
Current liabilities:								
Trade accounts payable	114.4	197.2	320.0	401.3	409.3	320.0	397.9	491.6
Taxes payable	62.9	69.0	121.2	125.1	115.4	121.2	109.5	141.2
Salaries payable	47.8	40.2	79.5	101.7	76.4	79.5	122.1	133.1
Current portion of long-term debt	38.2	781.7	471.1	673.0	542.9	471.1	498.6	645.4
Derivative financial instruments	55.0	28.9	43.1	121.1	133.8	43.1	20.8	56.7
Dividends payable	-	-	24.7	-	-	24.7	24.4	1.3
Deferred income taxes	-	-	-	-	-	-	-	-
Other liabilities	40.8	47.6	112.0	70.7	111.0	112.0	173.5	157.9
	359.1	**1,164.7**	**1,171.5**	**1,493.0**	**1,388.8**	**1,171.5**	**1,346.8**	**1,627.2**
Long-term liabilities:								
Long-term debt	1,249.3	1,251.1	2,845.7	2,632.3	2,802.2	2,845.7	2,917.6	3,096.3
Estimated liability for legal proceedings	494.1	497.6	294.6	672.6	464.8	294.6	297.7	326.7
Taxes payable	170.4	151.5	381.8	178.3	220.6	381.8	380.7	410.3
Advances from customers	-	-	-	-	-	-	-	-
Deferred income taxes	101.8	40.4	408.8	118.3	245.4	408.8	403.2	443.1
Other long-term liabilities	101.7	175.0	209.4	224.6	219.5	209.4	205.3	215.2
	2,117.4	**2,115.6**	**4,140.3**	**3,826.2**	**3,952.4**	**4,140.3**	**4,204.5**	**4,491.7**
Minority interest in consolidated subsidiaries	**796.8**	**544.5**	**1,338.9**	**1,181.8**	**1,296.7**	**1,338.9**	**1,324.1**	**1,570.9**
Shareholders' equity:								
Common stock	2.3	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Additional paid-in capital	1,723.1	1,926.7	1,932.1	1,961.8	1,927.3	1,932.1	1,932.3	2,004.0
Accumulated other comprehensive income	171.8	(243.6)	167.1	146.1	188.1	167.1	149.4	231.2
Retained earnings (losses)	98.5	(89.6)	242.3	96.9	118.3	242.3	230.3	236.6
Total shareholders' equity	**1,995.7**	**1,596.2**	**2,344.2**	**2,207.6**	**2,236.3**	**2,344.2**	**2,314.7**	**2,474.6**
(=) Total liabilities and shareholders' equity	**5,269.1**	**5,421.1**	**8,994.9**	**8,708.6**	**8,874.2**	**8,994.9**	**9,190.2**	**10,164.4**