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U.S.$650,000,000
Cosan Luxembourg S.A.
(public limited liability company (société anonyme))

Registered office at 6 rue Eugène Ruppert, L-2453 Luxembourg
RCS number B 175.646
(Incorporated under the laws of Luxembourg)

7.000% Senior Notes due 2027
Unconditionally and irrevocably guaranteed by
Cosan S.A. Indústria e Comércio
(Incorporated in the Federative Republic of Brazil on July 8, 1966
NIRE number 35300177045)

Cosan Luxembourg S.A., a public limited liability company (*société anonyme*) organized under the laws of Luxembourg, having its registered office at 6 rue Eugène Ruppert, L-2453 Luxembourg, Grand-Duché de Luxembourg (Luxembourg), registered with the Luxembourg Register of Commerce and Companies (the RCS) under number B 175.646, or the Issuer, is offering U.S.$650,000,000 aggregate principal amount of 7.000% Senior Notes due 2027, or the notes. Interest on the notes will accrue at a rate of 7.000% per year. The Issuer will pay interest on the notes in arrears on January 20 and July 20 of each year, commencing on January 20, 2017.

U.S.$500 million in aggregate principal amount of 7.000% Senior Notes due 2027 were issued on June 20, 2016, or the Existing Notes. An additional U.S.$150 million in aggregate principal amount of 7.000% Senior Notes due 2027 were issued on July 18, 2016, or the New Notes and, together with the Existing Notes, the notes. The notes were issued under the Indenture dated as of June 20, 2016, or the Indenture, among us, Cosan S.A. Indústria e Comércio, Deutsche Bank Trust Company Americas, as trustee, registrar and paying agent and transfer agent, and Deutsche Bank Luxembourg S.A., as Luxembourg paying agent and transfer agent. The New Notes were issued as additional notes under the Indenture, and have identical terms as the Existing Notes, other than issue price and issue date, and are treated as a single series as, and vote together as a single class with, the Existing Notes for all purposes under the Indenture.

As of August 29, 2016, the New Notes offered and sold in compliance with Regulation S have the same CUSIP, ISIN and Common Code numbers as, and are fungible with, the Existing Notes.

The notes will be unsecured and will rank equally with the other unsecured unsubordinated indebtedness that the Issuer may incur. As set forth in "Description of Notes," Cosan (within 36 months from the issue date of the notes) may effect in its discretion the Comgás Spin-Off with Substitution (as defined in "Description of Notes"), in connection with which (1) Cosan may transfer all or a portion of Cosan's equity interest in Companhia de Gás de São Paulo – Comgás ("Comgás") to Cosan's shareholders directly or through Comgás Holding (a yet to be incorporated company that will hold at least a majority of the equity interests of Comgás), (2) Cosan will be released from its obligations as guarantor under the notes and be substituted by either Comgás or Comgás Holding, as determined by Cosan in its discretion, and (3) the Issuer will be released from its obligations under the notes and be substituted by a yet to be incorporated subsidiary of either Comgás or Comgás Holding, as applicable. Upon consummation of the Comgás Spin-Off with Substitution, noteholders would have recourse solely to the assets of Comgás Holding (consisting of equity interests of Comgás) or Comgás, as applicable, and the substituted issuer. Alternatively, Cosan may, at any time, effect in its discretion the Comgás Spin-Off without Substitution (as defined in "Description of Notes"), in connection with which Cosan may spin-off all of Cosan's equity interests in Comgás to Cosan's shareholders, in which case Cosan and the Issuer will remain as Guarantor and Issuer, respectively, of the notes, and in such case, noteholders would no longer have recourse to Cosan's equity interests in Comgás and any related distributions or assets. In any case, the spin-off of Comgás may be effected only to the extent that Cosan's consolidated leverage ratio is less than 3.5 to 1.0 immediately after giving effect to the Comgás Spin-Off with Substitution or the Comgás Spin-Off without Substitution.

Prior to January 20, 2022, the Issuer may, at its option, redeem all of the notes at any time or part of the notes from time to time at a make-whole price, as described in this offering memorandum. On or after January 20, 2022, the Issuer may redeem the notes, in whole or in part, at the redemption prices set forth in this offering memorandum. In case of any partial redemption of notes pursuant to the Indenture, at least U.S.$100 million in aggregate principal amount of the notes shall remain outstanding (not including any notes held by the Issuer or its affiliates). At any time prior to January 20, 2020, the Issuer or the Guarantor may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of notes issued under the Indenture at a redemption price of 107.000% of the principal amount, plus accrued and unpaid interest to the redemption date, using cash in an amount up to the amount of the net cash proceeds of a sale of Equity Interests (other than Disqualified Stock) of the Issuer or the Guarantor or any Subsidiary thereof, as described in this offering memorandum.

Cosan's (or, if applicable, either Comgás Holding's or Comgás's) guarantee will rank equally in right of payment with the other unsecured unsubordinated indebtedness and guarantees of Cosan (or, if applicable, Comgás Holding) and effectively subordinated to the liabilities of Cosan's (or, if applicable, either Comgás Holding's or Comgás's) subsidiaries and jointly controlled companies. The guarantee will be effectively junior to the secured indebtedness of Cosan (or, if applicable, either Comgás Holding or Comgás) to the extent of such security and to the indebtedness of Cosan's (or, if applicable, either Comgás Holding's or Comgás's) non-guarantor subsidiaries and jointly controlled companies. For a detailed description of the notes, see "Description of Notes" beginning on page 178.

There is currently no trading market for the notes. We have applied to list the notes on the Official List of the Luxembourg Stock Exchange in its capacity as market operator of the Euro MTF Market under the Luxembourg act relating to Offering Circulars for securities (*loi relative aux Offering Circular pour valeurs mobilières* and to trade them on the Euro MTF Market of that exchange. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). See "Listing and General Information." The notes will not be admitted to trading on the Euro MTF Market prior to or on the settlement date. This offering memorandum constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on prospectuses for securities, as amended (the "Prospectus Law").

Investing in the notes involves risks. See "Risk Factors" beginning on page 31.

Issue Price of the Existing Notes: 98.163% plus accrued interest from June 20, 2016.

Issue Price of the New Notes: 99.067% plus accrued interest from June 20, 2016.

The notes (and the guarantee) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, or the Securities Act. The notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. You are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For more information about restrictions on transfer of the notes, see "Transfer Restrictions" beginning on page 241.

The notes were delivered to purchasers in book-entry form through The Depository Trust Company, or DTC, and its participants, including Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, *société anonyme*, or Clearstream, on (i) June 20, 2016 in the case of the Existing Notes, and (ii) July 18, 2016 in the case of the New Notes.

The date of this offering memorandum is February 17, 2017.

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Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to (1) "Cosan," the "Company," "we," "our," "ours," "us" or similar terms refer to Cosan S.A. Indústria e Comércio together with its subsidiaries. In addition, references to the terms "we," "our" and other words of similar import with respect to the operations, assets or liabilities of the Joint Venture, our other joint ventures and non-controlled entities are to our proportional interest in such operations, assets or liabilities; (2) "Cosan Luxembourg" or the "Issuer" refers to Cosan's wholly-owned finance subsidiary, Cosan Luxembourg S.A., a public limited liability company (*société anonyme*) organized under the laws of Luxembourg; (3) "Comgás" refers to Companhia de Gás de São Paulo – Comgás, a company organized under the laws of Brazil; (4) "Comgás Holding" refers to a holding company expected to be organized under the laws of Brazil that is expected to hold at least a majority of Cosan's equity interest in Comgás if and to the extent the Comgás Spin-Off with Substitution (as defined in "Description of Notes") is completed; (5) "Cosan Limited" refers to Cosan's parent company, Cosan Limited, a public holding company organized under the laws of Bermuda, together with its subsidiaries; (6) "Raízen Combustíveis" refers to Raízen Combustíveis S.A., Cosan's downstream joint venture company formed with Shell Brazil Holdings B.V., or Shell; (7) "Raízen Energia" refers to Raízen Energia e Participações S.A. (currently Raízen Energia S.A.), Cosan's upstream joint venture company with Shell; (8) "Joint Venture" refers collectively to Raízen Combustíveis and Raízen Energia; (9) "Cosan Lubrificantes" refers to Cosan's wholly-owned subsidiary, Cosan Lubrificantes e Especialidades S.A. and (10) "Radar" refers to Cosan's subsidiary Radar Propriedades Agrícolas S.A.

The phrase "Brazilian government" refers to the federal government of the Federative Republic of Brazil, and the term "Central Bank" refers to the *Banco Central do Brasil,* or the Central Bank of Brazil. The term "Brazil" refers to the Federative Republic of Brazil.

We and the Issuer, having made all reasonable inquiries, confirm that the information contained in this offering memorandum with regard to them and us is true and accurate in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held, and that there are no other facts the omission of which would make this offering memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. We and the Issuer accept responsibility accordingly.

We and the Issuer have not authorized anyone to provide any information other than that contained in this offering memorandum prepared by us and the Issuer or on our and the Issuer's behalf. We and the Issuer take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should assume that the information in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum, regardless of time of delivery of this offering memorandum or any sale of the notes. Our and Comgás's business, financial condition, results of operations and prospects may change after the date on the front cover of this offering memorandum. Neither we, the Issuer, nor the initial purchasers are making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted.

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The Issuer is relying on exemptions from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The notes offered are subject to restrictions on transferability and resale and may not be transferred or resold in the United States, except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them. By purchasing the notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading "Transfer Restrictions." You should understand that you may be required to bear the financial risks of your investment in the notes for an indefinite period of time.

The Issuer will apply to admit the notes to listing on the Official List, and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange takes no responsibility for the contents of this offering memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

We and the Issuer have prepared this offering memorandum for use solely in connection with the proposed offering of the notes outside of Brazil.

Neither this offering memorandum nor any other information supplied in connection with the notes should be considered as a recommendation by us, the Issuer or any of the initial purchasers that any recipient of this offering memorandum or any other information supplied in connection with the notes should subscribe for or purchase any notes. Each investor contemplating subscribing for or purchasing any notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of us, the Issuer and Comgás. This offering memorandum does not constitute an offer of, or an invitation by or on behalf of us, the Issuer, any initial purchaser or the Trustee (as defined herein) to subscribe or purchase, any of the notes in any jurisdiction where such offer is not permitted. The distribution of this offering memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum comes are required by us, the Issuer, each of the initial purchasers and the Trustee to inform themselves about and to observe any such restrictions. None of us, the Issuer, nor any initial purchaser represents that this offering memorandum may be lawfully distributed, or that any notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us, the Issuer or any initial purchaser that is intended to permit a public offering of any notes or distribution of this offering memorandum in any jurisdiction where action for that purpose is required. Accordingly, no notes may be offered or sold, directly or indirectly, and neither this offering memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Notwithstanding anything set forth herein or in any other document related to the notes, you and each of your employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and the tax structure of the transaction described herein and all materials of any kind, including any tax analyses that we have provided to you relating to such tax treatment and tax structure.

We and the Issuer have prepared this offering memorandum solely for use in connection with the proposed offering of the notes, and it may only be used for that purpose. The Issuer and the initial purchasers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum.

This offering memorandum summarizes certain documents and other information and we and the Issuer refer you to them for a more complete understanding of what we and the Issuer discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of our company and the terms of this offering and the notes, including the merits and risks involved.

Except for us and the Issuer, no other party has independently verified the information contained herein. Accordingly, neither the Trustee nor the initial purchasers accepts any liability in relation to the information contained in this offering memorandum or any other information provided by us or the Issuer in connection with the Notes. In addition, no representation, warranty or undertaking, express or implied, is made by any initial purchaser or the Trustee as to the accuracy or completeness of the information contained or incorporated in this offering memorandum or any other information provided by us or the Issuer in connection with the notes, and nothing contained herein is or shall be relied upon as a promise or representation by any initial purchaser or the Trustee, whether as to the past or to the future.

We, the Issuer and the initial purchasers are not making any representation to any purchaser of the notes regarding the legality of an investment in the notes under any investment law or similar laws or regulations. You should not consider any information in this offering memorandum to be advice whether legal, business, accounting or tax. You should consult your own attorney or other professional for any legal, business, accounting or tax advice regarding an investment in the notes.

The notes have not been and will not be issued or placed, distributed, offered or traded in the Brazilian capital markets. The issuance of the notes has not been nor will be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes in Brazil is not legal without prior registration under Law No. 6,385/76, as amended (*Lei do Mercado de Capitais*), or the Capital Markets Law, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the notes to the public in Brazil. The notes will not be offered or sold in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation. Persons wishing to offer or acquire the notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Notice to Luxembourg Investors. The terms and conditions relating to this offering memorandum have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum, the Indenture nor any other circular, prospectus, form of application, advertisement or other material related to such offer may be distributed, or otherwise be made available in or from, or published in, Luxembourg except if a prospectus has been duly approved by the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) in accordance with the Prospectus Law or the offer benefits from an exemption to or constitutes a transaction otherwise not subject to the requirement to publish a prospectus for the purpose of the Prospectus Law.

Neither the U.S. Securities and Exchange Commission, or the SEC, nor any state securities' commission has approved or disapproved of these securities or determined whether this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. None of us, the Issuer, the initial purchasers, or its affiliates will have any responsibility therefor.

This offering memorandum has been prepared on the basis that all offers of the notes will be made pursuant to an exemption under Directive 2003/71/EC (as amended), or together with any applicable implementing measures in any Member State of the EEA, the Prospectus Directive, from the requirement to produce a prospectus for offers of the notes. Accordingly, any person making or intending to make any offer within the EEA of the notes should only do so under circumstances in which no obligation arises for the initial purchasers or us to produce a prospectus for that offer.

Additional Information

While any notes remain outstanding, the Issuer will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144A(d)(4)(i) under the Securities Act, during any period in which the Issuer (1) is not subject to, and in compliance with, Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or (2) becomes exempt from such reporting requirements pursuant to, and comply with, Rule 12g3-2(b) of the Exchange Act (as amended from time to time and including any successor provision).

Application will be made to list the notes on the Official List, and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. See "Listing and General Information." The Issuer will comply with any undertakings that it gives from time to time to the Luxembourg Stock Exchange in connection with the notes, and we will furnish to the Luxembourg Stock Exchange all such information required in connection with the listing of the notes.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

All references in this offering memorandum to "*real*," "*reais*" or the symbol "R$" are to the legal currency of Brazil, the Brazilian *real*. All references to "dollar," "U.S. dollars" or the symbol "U.S.$" are to the legal currency of the United States, the U.S. dollar.

Solely for your convenience, we have translated certain amounts included in "Summary," "Summary Financial and Other Information," "Capitalization," "Selected Financial and Other Information" and elsewhere in this offering memorandum from *reais* into U.S. dollars using the selling rate as reported by the Central Bank as of March 31, 2016 of R$3.5589 to U.S.$1.00. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate as of that or any other date.

Financial Statements

As at the issue date of the notes, the guarantor of the notes is Cosan. On July 31, 2013, we changed the end of our fiscal year from March 31 to December 31. This change was driven by the evolution in our investment portfolio, in which our businesses that do not use the harvest year as their year-end (March 31) have become more significant.

On October 1, 2014, we spun-off all of our equity interest in our logistics businesses, comprising Rumo Logística Operadora Multimodal S.A., or Rumo, to our shareholders to permit a segregation of our logistics operations, which are now held under our parent Cosan Limited as Cosan Logística S.A., or Cosan Logística. This spin-off of the logistics portion of the business is referred to herein as the "Logistics Spin-Off."

Accordingly, we have included in this offering memorandum (1) our unaudited interim financial statements as of and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015) (2) our audited financial statements as of and for the fiscal year ended December 31, 2015 (with the comparative period ended December 31, 2014) and (3) our audited financial statements as of and for the fiscal year ended December 31, 2014 (with the comparative period of the nine months ended December 31, 2013, restated for the 2014 discontinued operation resulting from the Logistics Spin-Off), all of which are prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

So as to allow for comparability, we have included our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 to provide a meaningful comparison with our income statement for the fiscal year ended December 31, 2014. Our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 was prepared by combining our audited income statement for the nine-month period ended December 31, 2013 (as restated, in our audited financial statements as of and for the fiscal year ended December 31, 2014, for the 2014 discontinued operation resulting from the Logistics Spin-Off) with our unaudited income statement for the three-month period ended March 31, 2013 (adjusted for the 2014 discontinued operation resulting from the Logistics Spin-Off by deducting the income statement line items derived from Rumo's historical reviewed financial statements for the three-month period ended March 31, 2013). A table setting forth the adjustments resulting from such discontinued operation due to the Logistics Spin-Off on the condensed financial information is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Presentation of Financial Statements" below. Neither (i) the period covered by the unaudited consolidated income statement for the three-month period ended March 31, 2013 nor (ii) the period covered by the unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 is a statutory reporting period.

Our management evaluates the results of Raízen Combustíveis and Raízen Energia on the same basis as they are evaluated by their own management, on a 100% basis. Therefore, the information of Raízen Combustíveis and Raízen Energia included in this offering memorandum was prepared based on segment information and is also reflected on that basis. For Cosan's consolidated financial information, since April 1, 2013, upon the adoption of IFRS 11, Raízen Energia and Combustíveis' results are reported in the "Equity in earnings of jointly controlled entity" line, considering the proportionate interest (50%) in the result.

We may enter into a transaction, or the "Comgás Spin-Off with Substitution," pursuant to which we may elect to transfer all of our equity interest in Comgás to (1) the shareholders of Cosan or (2) Comgás Holding, a holding company holding at least a majority of the equity interest in Comgás, and spin-off the entire capital stock of Comgás Holding to the shareholders of Cosan. At or prior to the Comgás Spin-Off with Substitution Consummation Date (as defined in the "Description of Notes"), should the transfer to Comgás Holding occur, Comgás Holding will become the holding company of Comgás; the financial statements of Comgás Holding and Comgás are expected to be substantially the same. If and when the Comgás Spin-Off with Substitution Consummation Date occurs (within 36 months from the issue date of the notes) and if so elected by Cosan to pursue the Comgás Spin-Off with Substitution, subject to the satisfaction of certain conditions, Cosan would be released from its obligations as guarantor, and either Comgás Holding or Comgás would fully and unconditionally assume the guarantee. However, Cosan at any time may elect to effect the Comgás Spin-Off without Substitution, in which case Cosan Luxembourg will remain the Issuer and Cosan will remain the guarantor. The financial statements of Comgás presented in this offering memorandum are those of Comgás and not Comgás Holding.

The unaudited interim financial statements of Comgás as of and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015) and the audited financial statements of Comgás as of and for the years ended December 31, 2015 and 2014 included in this offering memorandum are prepared in accordance with generally accepted accounting practices adopted in Brazil and in accordance with IFRS as issued by the IASB.

We have also included in this offering memorandum the unaudited financial statements of the Issuer for the fiscal years ended December 31, 2015 and 2014.

Rounding

We and Comgás have made rounding adjustments to reach some of the figures included in this offering memorandum. As a result, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

Market Data

We obtained market and competitive position data, including market forecasts, used throughout this offering memorandum from market research, publicly available information and industry publications, as well as internal surveys. We and Comgás include data from reports prepared by LMC International Ltd., the Central Bank, the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or IBGE, the São Paulo Stock, Commodities and Futures Exchange (*BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros*), or BM&FBOVESPA, the International Sugar Organization, the Brazilian National Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*), or BNDES, the New York Board of Trade, or NYBOT, the Fundação Getúlio Vargas, or FGV, the New York Stock Exchange, or the NYSE, the London Stock Exchange, the National Agency of Petroleum, Natural Gas and Biofuels (*Agência Nacional do Petróleo, Gás Natural e Biocombustíveis*), or ANP, the Sugarcane Agroindustry Association of the state of São Paulo (*União da Agroindústria Canavieira de São Paulo*), or UNICA, the National Union of Distributors of Fuels and Lubricants (*Sindicato Nacional das Empresas Distribuidoras de Combustíveis e Lubrificantes*), or Sindicom, the Sanitation and Energy Regulatory Agency for the state of São Paulo (*Agência Reguladora de Energia de São Paulo*) or ARSESP, the Brazilian Gas Distributors Association (*Associação Brasileira das Empresas Distribuidoras de Gás*) or ABEGÁS, and the Agriculture School of the University of São Paulo (*Escola Superior de Agricultura Luiz de Queiroz*) or ESALQ, and the National Electric Energy Agency (*Agência Nacional de Energia Elétrica*) or ANEEL. We believe that all market data in this offering memorandum is reliable, accurate and complete.

Special Note Regarding Non-GAAP Financial Measures

This offering memorandum discloses the following non-GAAP financial measures: (i) Adjusted Net Debt, as defined by us as current and non-current debt, net of cash and cash equivalents, marketable securities (for Cosan) and derivative assets on debt, (ii) Adjusted EBITDA, as defined by us as our net sales, *minus* our cost of sales, *minus* our general and administrative expenses and selling expenses *minus/plus* other recurring income (expenses), net, *minus/plus* equity income of associates, *plus* any depreciation or amortization included in any of the foregoing expenses, (iii) Adjusted EBITDA Margin, as defined by us as Adjusted EBITDA divided by net sales, expressed as a percentage, (iv) Adjusted Net Debt to Adjusted EBITDA Ratio or Adjusted Net Debt/Adjusted EBITDA, as the case may be, as defined by us as the ratio of: (a) the aggregate amount of Adjusted Net Debt at that time to (b) Adjusted

EBITDA for the relevant twelve-month period, and (v) normalized net income, which accounts for the difference between the amount we pay for natural gas and the amount we are allowed to charge consumers, presenting our net income net of any rebates that we are required to pass on to our customers. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Critical Accounting Policies and Estimates" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of Comgás—Financial Presentation and Accounting Policies—Critical Accounting Policies and Estimates." We use the definition of Adjusted EBITDA to be consistent with the definition required for the calculation of financial ratios applicable under the notes. The non-GAAP financial measures described in this offering memorandum are not a substitute for the GAAP measures of earnings, for which our management has responsibility.

Our and Comgás's management believe that disclosure of Adjusted Net Debt is useful for potential investors as it helps to give them a clearer understanding of our and Comgás's credit. Adjusted Net Debt is also used to calculate certain leverage ratios. Our and Comgás's management also believe that Adjusted EBITDA, the Adjusted EBITDA Margin and Adjusted Net Debt to Adjusted EBITDA Ratio or Adjusted Net Debt/Adjusted EBITDA, as the case may be, provide useful information to potential investors, financial analysts and the public in their review of our and Comgás's operating performance and their comparison of our and Comgás's operating performance to the operating performance of other companies in the same industry and other industries. Comgás's management believes that the disclosure of normalized net income is useful for potential investors as it takes into account the difference between the amount Comgás pays for natural gas and the amount Comgás is allowed to charge consumers. However, Adjusted Net Debt, Adjusted EBITDA, Adjusted Net Debt to Adjusted EBITDA Ratio or Adjusted Net Debt/Adjusted EBITDA, as the case may be, and normalized net income are not measures under IFRS and should not be considered as a substitute for net income or loss, cash flow from operations or other measures of operating performance or liquidity, or net debt or other measures of indebtedness, in each case, determined in accordance with IFRS. Adjusted EBITDA and normalized net income are not intended to represent funds available for dividends or other discretionary uses by us or Comgás because those funds are required for debt service, capital expenditures, working capital and other commitments and contingencies.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains estimates and forward-looking statements, principally under "Risk Factors," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of Comgás." Some of the matters discussed concerning our business and financial performance include estimates and forward-looking statements.

Our estimates and forward-looking statements are mainly based on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- general economic, political, demographic and business conditions in Brazil, primarily in the state of São Paulo, and the cyclicality affecting our selling prices;
- the effects of global financial and economic crises in Brazil;
- competitive developments in the segments in which we operate;
- our ability to implement our expansion strategies in other regions of Brazil and international markets through organic growth, acquisitions or joint ventures;
- our ability to implement our capital expenditure plans, including our and Comgás's ability to arrange financing when required and on reasonable terms;
- our ability to successfully complete the Comgás Spin-Off without Substitution, the Cosan Lubrificantes Spin-Off, the Radar Spin-Off or the Comgás Spin-Off with Substitution and whether the related Comgás Spin-Off with Substitution Consummation Date (in the case of the Comgás Spin-Off with Substitution) occurs within 36 months of the issue date of the notes;
- volatility in the price of natural gas, ethanol and other fuels, as well as sugar;
- equipment failure and service interruptions;
- our ability to compete and conduct our businesses in the future;
- adverse weather conditions;
- changes in customer demand;
- our ability to successfully work together with partners to operate partnerships (such as the Joint Venture)
- changes in our businesses;
- technological advances in the natural gas sector, including developments of natural gas for use in other applications, and advances in the development of alternatives to natural gas;
- technological advances in the ethanol sector and advances in the development of alternatives to ethanol;
- government interventions and trade barriers, resulting in changes in the economy, taxes, rates, prices or regulatory environment;
- inflation, changes in interest rates and appreciation and depreciation of the Brazilian *real*;
- other factors that may affect our financial condition, liquidity and results of our operations; and
- other risk factors discussed under "Risk Factors."

The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this offering memorandum might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to but not limited to, the factors mentioned above. Because of these uncertainties, you should not make any investment decision based on these estimates and forward-looking statements.

SUMMARY

This summary highlights selected information about us and the notes that are offered hereby. It may not contain all of the information that may be important to you. Before investing in the notes, you should read this entire offering memorandum carefully for a more complete understanding of our business and this offering, including our financial statements and the notes to those financial statements, Comgás's financial statements and the notes to those financial statements and the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of Comgás."

Overview

We are an integrated energy and infrastructure company and a market leader in fuel distribution, sugar and ethanol production and natural gas distribution. Our main operations include:

Comgás

We hold a 61.33% stake of the total capital stock of Comgás, through which we distribute piped natural gas in the state of São Paulo through Comgás pursuant to a 30-year, long-term concession with an optional 20-year renewal, subject to certain conditions. Comgás is the largest supplier of natural gas in Brazil (excluding thermal generation) with an approximate 26% market share in Brazil in terms of volume sold in 2015, according to ABEGAS. Comgás operates a pipeline network reaching over 14,000 kilometers and delivering natural gas to more than 1.6 million residential consumers in over 83 cities, as well as clients in the industrial, commercial, cogeneration, thermal power plants and gas station segments. In 2015, Comgás distributed approximately 4.3 billion cubic meters of natural gas (excluding thermal generation) in the metropolitan regions of São Paulo, Campinas and Santos, as well as the Paraíba Valley.

Comgás's concession area covers regions in the state of São Paulo that account for approximately 26% of Brazil's gross domestic product, or GDP, according to IBGE. The concession area includes 177 municipalities and the metropolitan regions of the city of São Paulo, Campinas and Santos, as well as the Paraíba Valley. The map below shows the concession area in which Comgás operates and its proximity to the offshore natural gas fields in the Santos basin (*Bacia de Santos*) which serves its supply:



Comgás's natural gas distribution activities are mainly focused on the following business lines:

- *Residential, commercial and industrial distribution*: involves the distribution of natural gas to residential, commercial and industrial customers;
- *Automotive fuel*: involves the distribution of natural gas as automotive fuel;
- *Thermal power generation*: involves the distribution of natural gas for use in the generation of electrical energy through the burning of natural gas; and
- *Cogeneration*: involves the simultaneous production of thermal and electrical energy as a by-product of natural gas-generated electrical energy.

Comgás recorded R$6,597.0 million in revenues for the fiscal year ended December 31, 2015, representing 78.1% of our consolidated revenues in 2015.

Raízen Combustíveis

We distribute fuels in the Brazilian market through Raízen Combustíveis, Cosan's downstream 50/50 joint venture company formed with Shell on June 1, 2011. Through Raízen Combustíveis, Cosan is engaged in sourcing, storing, blending and distributing gasoline, ethanol, diesel, fuel oil and aviation fuel through a network of 5,800 Shell-branded retail service stations, (950 of which feature integrated convenience stores), 69 distribution terminals and 59 airport terminals supplying aviation fuel. We are currently among the three largest Brazilian fuel distributors, with an approximate 25% market share in Brazil in terms of volume of fuel sold in 2015, according to Sindicom. Raízen Combustíveis recorded R$61,413.0 million in revenues for the fiscal year ended December 31, 2015.

Raízen Energia

We produce and sell sugar and ethanol and cogenerate electricity from sugarcane bagasse through Raízen Energia, Cosan's upstream 50/50 joint venture company with Shell. Raízen Energia's core business is the production and sale of a variety of products derived from sugarcane, including raw sugar, anhydrous and hydrous ethanol, as

well as activities related to energy cogeneration from sugarcane bagasse and ethanol trading. Raízen Energia operates 24 sugar, ethanol and energy cogeneration mills, with a current crushing capacity of approximately 68 million tons of sugarcane per year. Raízen Energia recorded R$11,080.8 million in revenues for the fiscal year ended December 31, 2015.

Cosan Lubrificantes

We manufacture and distribute lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, and in the European and Asian markets under the Comma brand. Cosan Lubrificantes is responsible for the manufacturing and distribution of passenger vehicle lubricants, commercial vehicle lubricants, industrial lubricants and special application products such as greases, cutting oils and car care products. Cosan Lubrificantes recorded R$1,751.7 million in revenues for the fiscal year ended December 31, 2015, representing 20.7% of our consolidated revenues in 2015.

Radar

We purchase, lease and sell agricultural land through Cosan's subsidiary, Radar. Radar focuses on maximizing earnings from agricultural real estate assets by leveraging Cosan's unique market intelligence to acquire rural properties with high expected appreciation potential for subsequent leasing or resale. Radar leases its land for sugarcane, soybean, corn and cotton farming. As of the date March 31, 2016, Radar manages approximately 104 thousand hectares (or 257 thousand acres) of owned agricultural land and also has approximately 184 thousand hectares (or 455 thousand acres) of non-owned land under management in the states of São Paulo, Goiás, Mato Grosso, Maranhão, Minas Gerais, Tocantins, Bahia and Piauí. The total market value of Radar's portfolio was R$5.6 billion as of December 31, 2015. Radar recorded R$102.7 million in revenues in 2015, representing 1.2% of our consolidated revenues in 2015.

Our Operations

Natural Gas (Comgás)

Through Comgás, we distribute natural gas to the residential, commercial and industrial segments, as well as thermoelectric generating plants, cogeneration plants and natural gas stations for automotive users. In addition to natural gas distribution, we focus on the expansion of the use of natural gas in Comgás's concession area, seeking to make the benefits of natural gas accessible to all social classes and developing new commercial applications in natural gas for businesses and the manufacturing industry. In 2015, Comgás distributed 4.3 billion cubic meters of natural gas (excluding thermal generation), with total net sales of R$6.6 billion. Comgás is focused on safety and performance with a labor force of 979 employees, operating with "zero injuries combined with high performance" as its motto.

Comgás is well-positioned as a major distributor of natural gas in Brazil, and we believe the prospects for future availability of natural gas in Brazil are positive based on expected exploration of carbon deposits discovered in the pre-salt layer offshore of Brazil.

Comgás recorded net sales of fuel of R$1.4 billion in the three months ended March 31, 2016, R$6.5 billion in the fiscal year ended December 31, 2015, R$6.4 billion in the fiscal year ended December 31, 2014 and R$6.3 billion in the twelve-month period ended December 31, 2013.

Comgás Highlights	**For the Three-Month Period Ended**	**For the Fiscal Year Ended**		**For the Twelve-Month Period Ended**
	March 31, 2016	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Natural gas sold (million cubic meters).....	1,058.6	5,210.9	5,458.7	5,457.0
Net sales (R$ million).....	1,460.1	6,597.0	6,387.1	6,336.6

As of March 31, 2016, we held 61.33% of the total capital stock of Comgás. Of the remaining total capital stock of Comgás, as of March 31, 2016, Integral Investments B.V. held 11.46%, Shell Brazil Holding B.V. held 6.12%, LAPB Poland Equity Investment Fund held 9.66%, and 11.42% is publicly held.

Comgás complies with industry and regulatory standards set forth by ARSESP, which is the regulatory responsible for natural gas distribution concessions in the state of São Paulo. Through Comgás, we maintain continuous dialogue with ARSESP through its directorate for Regulatory and Institutional Affairs, in order to improve or formulate industry policies. We believe that the track-record of ARSESP in recent years has contributed to and will continue to maintain a stable regulatory environment for the foreseeable future. The concession agreement for distribution in these areas has been in effect since Comgás was privatized in 1999 and will remain in effect for a total term of 30 years (until 2029) with an optional 20-year renewal at the discretion of the Government of the State of São Paulo, subject to certain conditions, such as the approval of such renewal by ARSESP.

Comgás's concession agreement establishes five-year rate cycles, as well as conditions for the calculation and application of the tariffs during each rate cycle, which is intended to establish fair rates for both concessionaires and end-users. In addition, ARSESP has authority to regulate investments that we make through Comgás, and oversees our quality, reliability, and safety for the service provided by setting the relevant standards with respect to each.

Fuel Distribution (Raízen Combustíveis)

Through Raízen Combustíveis, our downstream joint venture company with Shell, we are engaged in sourcing, storing, blending and distributing gasoline, ethanol, diesel, fuel oil and aviation fuel through our network of 5,800 Shell-branded retail service stations, 69 distribution terminals and 59 airport terminals supplying aviation fuel. Following the formation of the Joint Venture on June 1, 2011, we are currently among the three largest Brazilian fuel distributors, with an approximate 25% market share in Brazil in terms of volume of fuel sold in the fiscal year ended December 31, 2015, according to Sindicom.

Raízen Combustíveis recorded net sales of fuel of R$16.4 billion in the three months ended March 31, 2016, R$61.4 billion in the fiscal year ended December 31, 2015, R$55.7 billion in the fiscal year ended December 31, 2014 and R$48.5 billion in the twelve-month period ended December 31, 2013.

Raízen Combustíveis Highlights	**As of and for the Three-Month Period Ended**	**As of and for the Fiscal Year Ended**		**As of and for the Twelve-Month Period Ended(2)**
	March 31, 2016	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Service stations	5,800	5,682	5,356	4,860
Fuel sold (billion liters)	6.0	25.1	24.9	23.0
Ethanol sales (R$ million)	1,387.8	5,392.6	3,556.7	2,988.3
Gasoline sales (R$ million)	7,141.4	23,784.4	22,165.1	19,235.9
Diesel sales (R$ million)	6,832.7	27,503.9	24,274.8	20,725.6
Jet fuel sales (R$ million)	898.0	4,233.7	5,111.4	5,001.7
Other products (R$ million)	131.9	498.3	625.9	576.3
Net sales (R$ million) (1)	**16,391.8**	**61,413.0**	**55,733.9**	**48,527.7**

(1) Since April 1, 2013, upon the adoption of IFRS 11, Raízen Energia and Raízen Combustíveis' results are reported in the "Equity in earnings of jointly controlled entity" line, considering Cosan's proportional interest (50%) in each company. Therefore, Raízen Combustíveis' net sales are not consolidated under the "Net Sales" line item of Cosan's statement. See more details in "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Business Segments and Presentation of Segment Financial Data."

(2) Twelve-month period due to change in reporting period of Cosan.

Sugar, Ethanol and Cogeneration (Raízen Energia)

Raízen Energia, Cosan's upstream joint venture company with Shell, is a producer of sugar and ethanol from sugarcane, which is the most competitive and viable feedstock for sugar and ethanol because of its low production cost and high energy efficiency ratio relative to other energy sources, such as corn and sugar beet. Raízen Energia is also a producer of energy from sugarcane bagasse. Raízen Energia currently has an installed energy capacity of 940

MW from our 24 sugar, ethanol and energy cogeneration mills, 13 of which generate surplus electrical energy that Raízen Energia sells into the Brazilian energy grid. Furthermore, the Raízen Energia cogeneration business generates a stable cash flow stream across commodity cycles, which helps offset the volatility of our sugar and ethanol cash flows and operations. Raízen Energia accounted for 10% of the crushed sugarcane of the central-south region for the harvest year 2015/2016, according to Única.

Raízen Energia Highlights	For the Three-Month Period Ended	For the Fiscal Year Ended(2)		For the Twelve-Month Period Ended (3)
	March 31, 2016(1)	December 31, 2015	December 31, 2014	December 31, 2013
Crushed sugarcane (million tons)	2.8	59.9	57.1	61.4
Sugar volume sold (thousand tons)	1,499.2	4,623.6	4,432.7	4,470.1
Ethanol volume sold (million liters)	1,021.0	3,646.3	2,952.2	3,057.82
Energy sold (MWh)	292.1	2,611.2	2,239.8	2,164.3
Net sugar sales (R$ million)	1,846.3	4,671.0	4,059.6	4,304.3
Domestic market	361.7	1,010.9	1,009.1	867.8
External market	1,484.6	3,660.1	3,050.5	3,436.5
Net ethanol sales (R$ million)	1,936.9	5,557.3	4,376.8	4,226.6
Domestic market	1,234.3	2,574.7	2,227.8	2,244.4
External market	702.6	2,982.6	2,149.0	2,022.2
Net energy cogeneration sales (R$ million)	43.9	554.9	618.6	389.7
Other products and services (R$ million)	39.2	297.7	208.9	240.2
Raízen Energia net operating revenue (R$ million)	3,866.3	11,080.8	9,263.9	9,200.7

(1) During the first quarter of every year, there is no production due to the interharvest period.

(2) Raízen Energia is accounted for using the equity method, and therefore, Raízen Energia's net sales are not consolidated under the "Net Sales" line item of Cosan's statement of profit or loss and other comprehensive income. As a result of equity method accounting, only our proportional share of Raízen Energia's results are reflected in our statement of profit or loss. See more details in "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Business Segments and Presentation of Segment Financial Data."

(3) Twelve-month period due to change in reporting period of Cosan.

Lubricants and Specialties (Cosan Lubrificantes)

In 2008, we acquired ExxonMobil's assets in Brazil and began operating in the lubricants and specialties market under the Mobil brand. On October 13, 2011, we acquired from ExxonMobil Lubricants Trading Company its lubricants distribution and sale assets in Bolivia, Paraguay and Uruguay, becoming the exclusive distributor of Mobil's products in those countries. These assets were transferred to Cosan Lubrificantes on November 14, 2011.

By the end of fiscal year ended December 31, 2015, Cosan Lubrificantes held a 17.0% market share (excluding the volume of base oil sold) in Brazil, making us the second largest player in the Brazilian lubricant market in terms of volume according to Sindicom. Cosan Lubrificantes sells passenger vehicle lubricants, commercial vehicle lubricants and industrial lubricants under the Mobil brand, among others, which is licensed to Cosan Lubrificantes until 2018 by ExxonMobil. Cosan Lubrificantes sells its lubricant products through distributors directly to large- and medium-sized industrial customers. Cosan Lubrificantes captures significant synergies by selling through its distributors' network to the Brazilian retail service station network, to industrial and wholesale customer accounts and to car and motorcycle dealerships.

Cosan Lubrificantes has a wholly-owned lubricants oil blending plant, located in Rio de Janeiro, with an annual production capacity of 1.7 million barrels of lubricants per year, and a pier facility that allows it to import base stocks. Cosan Lubrificantes produces over 600 different lubricants, and purchases more than 400 raw materials, including basic oils and additives. In addition to finished lubricants, Cosan Lubrificantes also sells base oils, which is one of the raw materials used in the blend of finished lubricants.

In July 2012, we acquired Comma Oil & Chemicals Limited, or Comma, from Esso Petroleum Company, Limited. Comma, which is located in Kent, England, manufactures lubricants, as well as seasonal and car care products in the United Kingdom and other export markets in Europe and Asia, primarily under the Comma brand. Through our acquisition of Comma, we acquired: (1) finished lubricant and chemical manufacturing operations, including sales to third parties; (2) all assets located at Comma's Gravesend site in Kent, England; and (3) ownership of Comma's trademarks and brands. Additionally, agreements allow Comma to distribute select Mobil-brand lubricants into specific UK channels and manufacture and supply ExxonMobil companies with a range of seasonal and ancillary automotive products.

Lubricants Highlights	For the Three-Month Period Ended	For the Fiscal Year Ended		For the Twelve-Month Period Ended(1)
	March 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Volume of lubricants sold (thousand liters)	76.9	316.9	338.5	315.7
Net sales (R$ million)	479.1	1,751.7	1,602.2	1,542.9

(1) Twelve-month period due to change in reporting period of Cosan.

Agricultural Land Development (Radar)

Our agricultural land development operations are run through our strategic investment in Radar, a company focused on maximizing gains from agricultural real estate assets by leveraging our unique market intelligence to acquire rural properties with high expected appreciation potential for subsequent leasing or resale. Radar's current land portfolio consists of approximately 104 thousand hectares of owned agricultural land and approximately 184 thousand hectares of non-owned land under management in the states of São Paulo, Goiás, Mato Grosso, Maranhão, Minas Gerais, Tocantins, Bahia and Piauí. As of March 31, 2016, Radar's own land fair value recorded in our accounting records was R$2.7 billion and the market value of the total portfolio was R$5.6 billion. Radar leases its land for sugarcane, soybean, corn and cotton farming. Radar recorded R$102.7 million in revenues for the fiscal year ended December 31, 2015 and R$22.9 million in revenues for the three-month period ended March 31, 2016.

We currently hold a 37.7% equity interest in Radar, and we are entitled to subscribe to additional common shares in an amount of up to 20% of the common shares we hold in Radar immediately before the exercise (excluding shares issued as a result of stock options granted by Radar). The subscription option is exercisable upon the occurrence of certain conditions and the option may be entirely or partially exercised by us, at one time, until September 9, 2018. If exercised in its entirety, we would hold a total 48.3% of Radar's common shares.

Competitive Strengths

We believe that, as a low-cost, large-scale producer with well-established integrated operations in the energy and infrastructure sectors, we can capitalize on favorable trends, particularly in light of the following competitive strengths:

Leadership in the markets where we operate

We enjoy leading market positions in all of the markets in which we operate, including:

- *Natural Gas Distribution*: following our acquisition of control of Comgás, we, through Comgás, are the largest natural gas supplier in Brazil (excluding thermal generation) with an approximate 26% market share in Brazil in terms of volume of natural gas sold in 2015, according to ABEGAS, reaching over 1.6 million residential consumers in the state of São Paulo, all of which are easily accessible through our current distribution pipeline network, from the Santos and Campos basins (*Bacia de Santos* and *Bacia de Campos*), and from Bolivia, where most of our natural gas is extracted. Through Comgás, we also enjoy leading market positions in the natural gas distribution market, where we supply natural gas to residences,

businesses, vehicles and thermal electric plants operating in a concession area covering 177 cities in Brazil, with an aim to implement our expansion plan pursuant to which we hope to connect over 100,000 new residential consumers per year;

- *Fuel Distribution*: through Raízen Combustíveis, we are Brazil's third largest fuel distributor, with an estimated combined 25% market share in terms of combined volume sold by the operations contributed to the Joint Venture by Cosan and Shell in the twelve months ended December 31, 2015, according to Sindicom;

- *Sugar, Ethanol and Cogeneration*: through Raízen Energia, we crushed 59.9 million tons of sugarcane in the fiscal year ended December 31, 2015. Through Raízen Energia, we sold 4.6 million tons of sugar in the fiscal year ended December 31, 2015, and exported 3.6 million tons in the same period. Also through Raízen Energia, with respect to ethanol, we sold 3,646 million liters of ethanol in the fiscal year ended December 31, 2015, and exported 1,833 million liters of ethanol in the same period. As of December 31, 2015 we had a total installed energy capacity of 940 MW;

- *Lubricants*: we are the second largest lubricants manufacturer in Brazil by volume as of December 31, 2015, selling under the Mobil brand, among others, which is licensed to Cosan Lubrificantes until 2018 by ExxonMobil, and which license we will seek to renew thereafter. Cosan Lubrificantes also distributes and sells Mobil brand products manufactured in Brazil and sold in Brazil, Bolivia, Paraguay and Uruguay. In July 2012, we acquired Comma, which produces and distributes lubricants throughout Europe and Asia; and

- *Land Development*: we are one of the largest private landowners in Brazil, with a portfolio of approximately 104 thousand hectares of own land, with fair value of R$2.7 billion as recorded in our accounting records, as of March 31, 2016.

Ability to capitalize on favorable industry trends in the natural gas industry through our controlling stake in Comgás

We believe that we can capitalize on favorable industry trends within the natural gas industry as a result of the following competitive strengths of Comgás, in which we hold a controlling stake:

Advantages of natural gas as an alternative to other fuels

We believe that Comgás's concession to distribute natural gas to the residential, commercial and industrial segments as well as automobiles and thermal and cogeneration plants, and the inherent qualities of natural gas position us for reliable performance for the foreseeable future. As compared to other traditional energy sources, natural gas is a clean energy source that can be used in a variety of applications. Comgás benefits from an established pipeline grid that is engineered for distributing natural gas reserves and that ensures a ready supply of natural gas to its customers. Moreover, Comgás's well-engineered transportation grid means it does not require additional forms of transportation, storage or relevant tube exchange for the distribution of our natural gas.

Solid regulatory system allied with concession regime supports stability of cash flows

We, through Comgás, operate in a segment with a well-developed regulatory framework overseen by ARSESP. In 1999, during Comgás's privatization process, Comgás was granted the concession for distribution of gas in the state of São Paulo for 30 years, with a 20-year renewal at the discretion of the Government of the State of São Paulo, subject to certain conditions, such as the approval of such renewal by ARSESP. Additionally, the five-year tariff revision cycle, to which Comgás is subject, has mechanisms to ensure that tariffs: (1) compensate us at a fair rate, based on our current and future investments to sustain and grow our operations; and (2) are adjusted yearly for inflation by reference to the General Market Price Index (*Índice Geral de Preços – Mercado*), or IGP-M. We believe that Comgás's long-term concession period, combined with a developed regulatory framework that compensates us for our investments at a fair rate and with a high level of certainty of results, strongly supports the generation of stable and predictable cash flows.

Strategically located assets with significant geographic overlap

Our existing mills, port terminal, warehouses, fuel distribution facilities and rail network are strategically located in the central-south region of Brazil. Our operations also are in close proximity to our customers, sugarcane fields owned by us and growers and other transportation infrastructure:

- *Natural Gas Distribution*: we hold a 61.33% stake in Comgás, making us the largest natural gas distributor in Brazil (excluding thermal generation), reaching over 1.6 million residential consumers in the state of São Paulo. The state of São Paulo, part of the most developed and largest economic region of Brazil, is the most populous state in Brazil, with an estimated population of 44.4 million as of December 31, 2015, according to IBGE. The city of São Paulo had an estimated population of 11.9 million as of that date. Based on its GDP, the state of São Paulo is the wealthiest and most industrialized state and has the largest economy in Brazil. The GDP of the state of São Paulo was approximately R$1.9 billion in 2015 according to the IBGE, representing approximately 32% of Brazil's total GDP, of which 26% were derived from our concession area. As our existing facilities and distribution network are strategically located in the state of São Paulo, we believe that our massive presence in very rich, populous and important industrial regions located in our concession area enables us to capitalize on geographical competitiveness. Our strong customer base in São Paulo also allows us to capitalize on the easy geographic access to the Bacia de Santos, where a significant portion of our natural gas is extracted;

- *Fuel distribution:* Raízen Combustíveis' distribution assets consist of 69 terminals – certain of which are owned by the Joint Venture, others by joint ventures operated by the Joint Venture, others by joint ventures operated by third-parties and other terminals in which the Joint Venture has throughput arrangements – strategically concentrated in the Southeast and South regions of Brazil near major fuel markets;

- *Sugar, Ethanol and Cogeneration*: of Raízen's 24 mills, 22 are located in the state of São Paulo operating in clusters due to their proximity to each other. The state of São Paulo is one of the world's most productive sugarcane regions, primarily because of its favorable soil, topography and climate, nearby research and development organizations and infrastructure facilities. The average distance from the fields where Raízen's sugarcane is harvested to our mills is approximately 25 kilometers (approximately 16 miles). The proximity of Raízen's milling facilities to the land on which Raízen's sugarcane is cultivated reduces our transportation costs and enables us to process the sugarcane within 48 hours of harvesting, thereby maximizing sucrose recovery; and

- *Lubricants*: we own a lubricants oil blending plant in Rio de Janeiro with an annual production capacity of 1.7 million barrels of lubricants per year, and a pier facility that allows us to import base stocks.

Integrated platform extracting synergies across the sugarcane value chain

We have a fully integrated platform (directly or through joint ventures) from sugarcane plantation to sugar logistics and fuel distribution. We are engaged in both the agricultural and industrial aspects of sugar and ethanol production. We lease rural properties upon which we cultivate and harvest sugarcane, and we also purchase sugarcane from third parties with whom we have long-term supply contracts. Once harvested, we crush and refine the sugarcane in the joint venture's mills to produce sugar and ethanol, and we generate electricity through cogeneration from sugarcane bagasse. We export and distribute our sugar and ethanol through Rumo and Raízen Combustíveis, respectively, among others. We generate significant synergies from this integration:

- *Fuel distribution:* our fuel distribution terminals are strategically located near our mills, allowing us to significantly optimize our logistics network by using our mills as distribution terminals and vice versa. Additionally, as a fuel distributor we are able to (1) benefit from a more stable cash flow stream to help offset fluctuations in sugar and ethanol prices, and (2) capture potential margin gains from declines in ethanol prices during harvest periods, as ethanol price changes tend to be passed on to consumers gradually. Finally, our pier facility at the Port of Santos allows us to benefit from favorable market opportunities to import diesel and arbitrage raw material prices;

- *Sugar, Ethanol and Cogeneration:* as the world's largest grower of sugarcane and the third largest fuel distributor in Brazil (directly or through joint ventures), we benefit from our superior visibility on sugar and ethanol price formation, allowing us to better manage our decisions with respect to our sugar versus ethanol production mix and our inventory levels. Additionally, all of our mills are electric energy self-sufficient, reducing our dependence and exposure to energy prices and providing us an additional stream of generally stable cash flows; and

- *Land Development:* through Radar, we leverage the competitive advantage we derive from our access to market intelligence in order to opportunistically earn revenues and benefit from potential capital appreciation from agricultural real estate.

Diversified portfolio of assets that offer increasingly stable and resilient cash flow streams

We have taken key strategic steps in recent years by vertically integrating our business and diversifying into activities with synergies that generally provide more stable cash flow streams as compared to sales of sugar and ethanol. In 2015, our generally less cyclical businesses (fuel and natural gas distribution, lubricants, agricultural land development and Cosan's other businesses, consisting of other investments, in addition to the corporate activities of Cosan and its subsidiaries) collectively contributed most of our Adjusted EBITDA for the period, before intercompany eliminations and adjustments. We expect the contribution of these businesses to our consolidated results and cash flow origination to continue to grow as our investments mature further. We believe this diversification provides us with a unique competitive advantage, providing a generally more stable stream of cash flows when sugar or ethanol prices are depressed.

Disciplined risk management, proven access to capital, and strong overall financial profile

Sugar prices, ethanol prices and fluctuations in exchange rates are the main market risks within our sugar and ethanol business. As such, we operate under strict risk management policies, which include a senior risk committee that meets on a weekly basis to discuss and monitor sugar prices, exchange rate exposures, our hedging positions, margin calls (cash at risk), counterparty risk and stress scenarios.

Additionally, we were one of the first sugar and ethanol producers in Brazil to have accessed the international debt capital markets, which we first did in 2004. Since 2005, we have completed initial public offerings of Cosan on the *Novo Mercado* segment of the BM&FBOVESPA and our parent company Cosan Limited on the NYSE, a private placement of Cosan Limited shares, a private placement of Radar shares, a private placement of Rumo shares and a follow-on offering of Rumo shares in the first half of 2016. We have also developed a long-term business relationship with BNDES, Brazil's national development bank, with whom we had total outstanding loans of R$1,284.8 million as of December 31, 2015.

The result of subtracting the sum of our cash and cash equivalents and marketable securities from our current and non-current debt amounted to R$4,832.6 million as of December 31, 2015, or 1.9 times our Adjusted EBITDA for the last twelve months ended December 31, 2015.

Strong strategic business relationships

We have developed important strategic relationships over the years, including with Sucres et Denrées, or Sucden. We have also developed strong business relationships with ExxonMobil, from which Cosan Lubrificantes licenses the Mobil brand for lubricants until 2018, and with some of our leading customers, such as Petrobras Distribuidora S.A. in the ethanol business and Sucden, Tate & Lyle International and Coimex Trading Ltd. in the sugar business. In addition, Cosan and Shell have been partners in the Joint Venture since June 1, 2011. For more information regarding the Joint Venture, see "Business—Joint Venture."

Experienced and professional management team

Our management team has considerable industry experience. In addition, unlike many of our domestic competitors in the sugar and ethanol industries, we have completed the evolution from a family-operated business to a company managed by professionals with significant experience in the energy and infrastructure industries. Our

fuel distribution and, separately our lubricants business, are led by management teams with proven track records in the fuel distribution and lubricant markets, who previously worked for many years with the ExxonMobil group. In addition, following the conclusion of the Joint Venture, key executive officers from Shell's management team responsible for its Brazilian fuel and retail operations have joined the Joint Venture, further strengthening the Joint Venture's management team. See "Business—Joint Venture." Furthermore, our logistics business is led by executives with extensive experience, including in the rail industry, and our natural gas distribution business is led by a management team with a proven industry track record, having worked for many years at some of the most important oil and gas companies in the world, such as the BG Group and Shell, and with an average of approximately 20 years of experience in the natural gas industry.

Strategy

The principal components of the strategies of each of our business segments are:

Natural Gas Distribution (Comgás)

- *Continue to solidify our leading position in natural gas distribution.* We plan to maintain our leading position in the distribution of natural gas in Brazil and our standards of safety and innovation, which have been successful in the past. One of our main goals is to expand operations particularly in the residential and commercial segments, where growth over the last three years has enabled us to connect more than 100,000 new customers annually.

- *Develop new applications for natural gas*. Because of the relatively modest price of natural gas and its properties as a clean-burning fuel, we believe it represents a promising candidate for expanded use in a variety of applications. We are furthering our own development efforts and collaborating with third parties to identify additional uses for natural gas, whether as a clean-burning fuel for industrial application in manufacturing processes or for expanded application in use for household appliances. We believe that government incentives for clean-burning fuels will continue to drive interest in expanded natural gas use, both for industrial application and for household use. We will continue to explore new and developing technologies to remain at the forefront of developments for expanded use of natural gas in Comgás's concession area.

- *Expand natural gas penetration.* We work to provide universal access to natural gas in the regions we serve. We are currently focusing on expanding our market penetration within our concession area especially through our residential business segment, which has allowed for improved profit margins. We intend to use our stable cash flow generation from our natural gas distribution business and to capitalize on our managerial experience and expertise to expand, develop and operate natural gas distribution in the São Paulo region that benefit from stable regulatory environments and offer attractive growth prospects.

- *Maximize opportunities within current concession area.* We conduct extensive field research to identify the best opportunities for growth within our concession area by evaluating distance from the network, population density, socioeconomic profile, and propensity for consumption. Our field research includes reviews of economic development prospects in the localities we serve as well as potential for integrating different market segments. Through these efforts, we hope to capture all business opportunities (industrial, compressed natural gas, commercial and residential) in each region we serve and could potentially serve.

- *Maintain a constructive relationship with regulators.* We operate in a highly regulated industry subject to strict overview by the relevant regulators. We believe that maintaining collaborative and constructive relationships with our regulators is crucial for our businesses. Therefore, we intend to use our best efforts to comply with, and surpass where possible, our obligations with ARSESP, as we believe we have done to date. As of March 31, 2016, Comgás has built 8,300 kilometers of pipeline and renovated 600 kilometers of old cast iron. Comgás also connected more than 736,000 new customers.

Fuel Distribution (Raízen Combustíveis)

- *Invest selectively in dealer conversion.* Following the Joint Venture, we plan to continue investing in the conversion of non-branded stations to the Shell brand. We expect the majority of Raízen Combustíveis's new retail stations to be added in the Southeast region of Brazil, which has higher consumption of gasoline and ethanol and offers the potential for greater synergies with our logistics infrastructure.

- *Continue to maximize operating efficiencies.* We will continue to focus on improving the efficiency of Raízen Combustíveis's operations in the fuel distribution business by focusing on three key areas: (1) exploring synergies among its businesses (2) maximizing the utilization of its retail stations and (3) exploring opportunities with and maximizing its convenience store business. We continuously monitor the profitability and use of each service station in its retail network and eliminate underperforming sites, particularly in regions we consider less strategic.

Sugar, Ethanol and Cogeneration (Raízen Energia)

- *Seek further productivity improvements and cost reductions.* We are enhancing Raízen Energia's productivity through investments in the development of new varieties of sugarcane, more efficient agricultural, industrial and logistics processes, expanded satellite monitoring of sugarcane, increased mechanization of harvests, emphasis on employee training programs and improvements in information flows and internal control systems.

- *Strategic participation in the consolidation of the sugar and ethanol sector.* The Brazilian sugar and ethanol sector has been experiencing consolidation in recent years, however it still remains highly fragmented. We closely monitor acquisition opportunities in the sector and will consider selective acquisitions and partnerships that offer the right strategic fit for our operations through the Joint Venture.

- *Explore the cogeneration potential of Raízen Energia's mills.* Raízen Energia currently has installed energy capacity of approximately 940 MW per year from 24 mills, of which approximately 13 mills sold excess energy to the grid and on the spot market. Our cogeneration business strategically allows for a stable cash flow stream across commodity cycles, helping to reduce the volatility of our more cyclical cash flows and operations.

- *Participate in the development of second generation technologies for ethanol.* Raízen Energia plans to implement Shell's second generation ethanol technology, by which ethanol is produced from sugarcane by-products (cereal straw, sugar cane bagasse, forest residues), wastes, and dedicated feedstocks. We expect such second generation technology will increase our annual biofuel production without the need for an increase in crop growing areas, and will result in enhanced yields from improved yeast in our ethanol operations. For further information regarding the Joint Venture, see "Business—Joint Venture."

- *Take advantage of future ethanol export opportunities.* Raízen Energia expects to benefit from a growth of global ethanol exports that should arise from the anticipated liberalization of trade barriers that have traditionally limited our access to some major markets, as well as mandatory blending requirements to use ethanol as an additive to gasoline, through establishing new commercial and distribution partnerships with international industry players to expand and diversify our client base.

- *Focus on environmental and social awareness.* Raízen Energia is committed to acting as an environmentally and socially conscious company. We continue to invest in the mechanization of our harvests, which is not only cost-efficient, but also reduces our emission levels and decreases the burning of sugarcane fields for manual harvesting. We continue to improve and develop new training programs for our employees, as well as programs to reduce workforce accidents. We continuously seek to implement environmental best practices, benchmark technologies and clean operations to sustain our best-in-class results and strengthen our relationships and cooperation with relevant environmental authorities and agencies.

Lubricants and Specialties (Cosan Lubrificantes)

- *Focus on higher margin products.* We aim to focus on premium products, such as synthetic lubricants. We plan to continue improving our product mix and margins by increasing our focus on premium high margin products. We plan to continue investing in marketing, training our employees and exclusive distributors, developing new innovative products and delivering superior services. For further information regarding our strategies in Europe and Asia, see "Business—Our Operations—Lubricants."

Recent Developments

New Executive Officers

On April 1, 2016, our chief executive officer and investor relations officer Nelson Roseira Gomes Neto left Cosan. Our new chief executive officer is Mario Augusto da Silva, and our new investor relations officer is Paula Kovarsky Rotta. See "Management."

Comgás Spin-Off

Within 36 months from the issue date of the notes offered hereby, Cosan may effect in its discretion the Comgás Spin-Off with Substitution, in connection with which Cosan may transfer all or a portion of Cosan's equity interest in Comgás to Cosan's shareholders directly or through Comgás Holding (a yet to be incorporated company that will hold at least a majority of the equity interests of Comgás). If incorporated, Comgás Holding would be responsible for any future investments by Cosan in the natural gas distribution business in its concession area. Further to the Comgás Spin-Off with Substitution, (1) Cosan will be released from its obligations as guarantor under the notes and be substituted by either Comgás or Comgás Holding, as determined by Cosan in its discretion, and (2) the Issuer will be released from its obligations under the notes and be substituted by a yet to be incorporated subsidiary of either Comgás or Comgás Holding, as applicable. Upon consummation of the Comgás Spin-Off with Substitution, noteholders would have recourse solely to the assets of Comgás Holding (consisting of equity interests of Comgás) or Comgás, as applicable, and the substituted issuer. Alternatively, Cosan may, at any time, effect in its discretion the Comgás Spin-Off without Substitution, in connection with which Cosan may spin-off all of Cosan's equity interests in Comgás to Cosan's shareholders, in which case Cosan and the Issuer will remain as Guarantor and Issuer, respectively, of the notes, and in such case, noteholders would no longer have recourse to Cosan's equity interests in Comgás and any related distributions or assets. In any case, the spin-off of Comgás may be effected only to the extent that Cosan's consolidated leverage ratio is less than 3.5 to 1.0 immediately after giving effect to the Comgás Spin-Off without Substitution. Either the Comgás Spin-Off with Substitution or the Comgás Spin-Off without Substitution would permit us to segregate our natural gas distribution operations and permit Comgás to (1) maintain its focus on its industry sector, (2) perform its activities in an independent business and corporate structure, (3) establish a suitable capital structure for its business, and (4) provide the market with greater visibility of its performance in the industry. In connection with the Comgás Spin-Off with Substitution, our existing debt would be divided and allocated between (i) Comgás Holding or Comgás, as applicable, and (ii) Cosan.

Tender Offer and Consent Solicitation for the 2018 and 2023 Notes

Concurrently with the offering of the Existing Notes, the Issuer commenced a cash tender offer, or the tender offer, for any and all of (i) the R$850.0 million 9.50% Senior Notes due 2018, or the 2018 Notes, and (ii) the U.S.$500.0 million 5.00% Senior Notes due 2023, or the 2023 Notes, in each case, subject to certain terms and conditions as set forth in the offer to purchase relating to such tender offers.

In conjunction with the tender offer, the Issuer also solicited consents of the holders of the 2018 Notes and the 2023 Notes to eliminate substantially all of the restrictive covenants and certain events of defaults and related provisions contained in the applicable indenture governing such series of notes. The total consideration paid per R$1,000 of 2018 Notes validly tendered and accepted for purchase in the tender offer (including an early tender payment of R$30.00) was R$950.00 plus accrued and unpaid interest to, but excluding, the date of repurchase. The total consideration paid per U.S.$1,000 of 2023 Notes validly tendered and accepted for purchase in the tender offer (including an early tender payment of U.S.$30.00) was U.S.$960.00 plus accrued and unpaid interest to, but

excluding, the date of repurchase. The deadline for holders of the 2018 Notes and the 2023 Notes to validly tender their notes, deliver consents and be eligible to receive the total consideration (including the early tender payment), was 5:00 pm, New York City time, on June 17, 2016. The tender offer expired at 11:59 pm, New York City time, on July 1, 2016.

The Issuer has been advised that, as of the expiration date, (i) R$686,538,000 in aggregate principal amount of the 2018 Notes, or approximately 80.8% of the outstanding 2018 Notes, and (ii) U.S.$378,687,000 in aggregate principal amount of the 2023 Notes, or approximately 75.7% of the outstanding 2023 Notes, had been validly tendered pursuant to the tender offer.

The requisite consents were obtained and a supplemental indenture eliminating the restrictive covenants and certain events of default was executed.

The Issuer funded the purchase of the 2018 Notes and the 2023 Notes tendered pursuant to the tender offer with the net proceeds from the offering of the Existing Notes.

Amendments to the Financial Statements

The following line items in the table presenting the statements of financial position of Cosan S.A. as of December 31, 2015 and 2014 appearing on page F-52 of this Offering Memorandum is restated as follows:

Liabilities	**Parent Company**		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Employee benefits payable	17,536	19,451	106,407	101,115
Income tax payable	14,237	21,134	47,720	27,626
Dividends and interest on capital payable	23,422	12,437	41,656	20,347

The Issuer

Cosan Luxembourg S.A., a wholly-owned subsidiary of Cosan, is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg on February 28, 2013. The articles of association of Cosan Luxembourg S.A. were last amended on July 25, 2013. Its registered office is at 6 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, Luxembourg. See “The Issuer.”

The Offering

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing in the notes, including "Risk Factors" and our financial statements and the financial statements of Comgás. Certain defined terms used in this summary are defined under "Description of Notes—Definitions."

Issuer	Cosan Luxembourg S.A., a public limited liability company (*société anonyme*), organized under the laws of Luxembourg, having its registered office at 6 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 175.646. If the Comgás Spin-Off with Substitution is completed in accordance with the terms and conditions of the notes and the Indenture, Cosan Luxembourg S.A. would be substituted as issuer of the notes by an entity which is expected to be a wholly-owned subsidiary of Comgás Holding or Comgás, as the case may be, currently expected to be called Comgás Luxembourg S.A. and to be incorporated in Luxembourg as a public limited liability company (*société anonyme*) (the "Substitute Issuer"); however, the terms of the notes and the Indenture permit for the issuer to be substituted for a Cayman company, which it may exercise in connection with the Comgás Spin-Off with Substitution or in the future. If the Comgás Spin-Off with Substitution Consummation Date has not occurred on or prior to the date which is 36 months from the issue date of the notes, Cosan Luxembourg S.A. will remain the Issuer. No holder or beneficial owner of the notes will be indemnified for any taxes or duties which may arise or may be imposed in any jurisdiction as a result of the substitution of the Issuer or the guarantor pursuant to the terms of the notes and the Indenture, except as provided in "Description of Notes—Payment of Additional Amounts." U.S. holders may be subject to adverse U.S. federal income tax consequences upon such substitution. See "Taxation—Certain U.S. Federal Income Tax Consequences." The Issuer reserves the right to disclose the names of the noteholders, if applicable, or any other relevant information relating to the noteholders, to any tax authority where required by applicable law. If it does so, it shall advise the relevant noteholders unless prevented to do so by law. See "Taxation—Luxembourg Tax Considerations—Luxembourg Income Tax Consequences."
Guarantor	Cosan S.A. Indústria e Comércio.

	Cosan will unconditionally and irrevocably guarantee, on an unsecured basis, all of issuer's obligations pursuant to the notes and the Indenture under which they are issued. If the Comgás Spin-Off with Substitution is completed in accordance with the terms and conditions of the notes and the Indenture, either Comgás Holding or Comgás will fully and unconditionally assume the guarantee, releasing Cosan from its obligations as guarantor. If the Comgás Spin-Off with Substitution Consummation Date has not occurred on or prior to the date which is 36 months from the issue date of the notes, Cosan will remain the guarantor.
Security Description	The notes were issued under the Indenture. The New Notes have identical terms and conditions as the Existing Notes, other than the issue date and issue price, and constitute part of the same series as, and vote together as a single class with, the Existing Notes for all purposes under the Indenture. As of August 29, 2016, the Existing Notes and the New Notes offered and sold in offshore transactions under Regulation S share the same CUSIP, ISIN and Common Code numbers and are fungible with each other.
Comgás Spin-Off without Substitution	As an alternative to the Comgás Spin-Off with Substitution, Cosan at any time may spin-off all of its equity interest in Comgás to its shareholders, or the Comgás Spin-Off without Substitution, subject to Cosan's consolidated leverage ratio being less than 3.5 to 1.0 immediately after giving effect to the Comgás Spin-Off without Substitution, in which case Cosan and the Issuer will remain as guarantor and issuer, respectively, of the notes. In such case, noteholders would no longer have recourse to Cosan's equity interests in Comgás nor in any related distributions or assets.
Notes Offered	U.S.$650,000,000 aggregate principal amount of 7.000% notes due 2027.
Issue Price of the Existing Notes	98.163%.
Issue Price of the New Notes	99.067% plus accrued interest from and including June 20, 2016 up to, but not including, July 18, 2016, totaling approximately U.S.$816,666.67, or U.S.$5.44 per U.S.$1,000 principal amount of New Notes.
Issue Date of the Existing Notes	June 20, 2016.
Issue Date of the New Notes	July 18, 2016.
Maturity Date	January 20, 2027.
Interest	The notes bear interest from June 20, 2016 at the annual rate of 7.000%, payable semi-annually in arrears on each interest payment date.
Interest Payment Dates	January 20 and July 20 of each year, commencing on

	January 20, 2017.
Ranking.....	The notes will be the issuer's or, if the Comgás Spin-Off with Substitution Consummation Date has occurred and the issuer is substituted, Comgás Luxembourg S.A.'s unsecured obligations and will rank equally in right of payment with the existing and future senior unsecured indebtedness of the issuer (except those obligations preferred by operation of law, including labor and tax claims under Brazilian law) and will be senior to any subordinated indebtedness of the issuer or Comgás Luxembourg S.A., as applicable. The notes will effectively rank junior to any and all secured debt of the issuer to the extent of the value of the assets securing the debt. At the issue date, the notes will be guaranteed on an unsecured basis by Cosan. The guarantee will be an unsecured obligation of the guarantor and will rank equally in right of payment with the guarantor's or either Comgás Holding's or Comgás's (as applicable) other unsecured indebtedness and guarantees. The guarantee obligations in respect of the notes will be effectively junior to the guarantor's or either Comgás Holding's or Comgás's (as applicable) secured indebtedness and liabilities of the guarantor's or either Comgás Holding's or Comgás's (as applicable) subsidiaries. Under Brazilian law, holders of the notes will not have any claim whatsoever against our non-guarantor subsidiaries.
Optional Redemption with a Make-Whole Premium	Prior to January 20, 2022, the Issuer may, at its option, redeem all of the notes at any time or part of the notes from time to time, at a redemption price equal to 100% of the principal amount of the notes plus the applicable premium, as described in this offering memorandum, accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date (subject to the right of holders of the notes on the relevant record date to receive interest due on the relevant interest payment date). In case of any partial redemption of notes pursuant to this provision, at least U.S.$100 million in aggregate principal amount of the notes shall remain outstanding (not including any notes held by the Issuer or its affiliates).
Optional Redemption Without a Make-Whole Premium ...	On and after January 20, 2022, the Issuer may, at its option, redeem all of the notes at any time or part of the notes from time to time, at the redemption prices described in this offering memorandum (expressed as a percentage of principal amount), plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date (subject to the right of holders of the notes on the relevant record date to receive interest due on the relevant interest payment date). In case of any partial redemption of notes pursuant to this provision, at least U.S.$100 million in aggregate principal amount of the notes shall remain outstanding

	(not including any notes held by us or our affiliates).
Optional Redemption upon Eligible Equity Offering	At any time prior to January 20, 2020, the Issuer may, at its option, on one or more occasions redeem notes in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the outstanding notes (including any additional notes), at a redemption price (expressed as a percentage of principal amount) of 107.000%, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, with the net cash proceeds from one or more eligible equity offerings.
Tax Redemption	The notes may, at the option of the Issuer, be redeemed, in whole but not in part, at 100% of their principal amount plus accrued interest and any additional amounts payable with respect thereto on any interest payment date on or after or at any time upon the occurrence of specified events relating to taxes imposed by Relevant Jurisdictions (as defined in "Description of Notes—Payment of Additional Amounts") including Brazil and the Luxembourg (or, in the case of the Issuer or its substitute or successor is organized in the Cayman Islands, the Cayman Islands), as described under "Description of Notes—Redemption—Redemption for Taxation Reasons."
Additional Amounts	Payments of interest on the notes will be made after withholding and deduction for any taxes imposed by any Relevant Jurisdiction (as described under "Description of Notes—Payments of Additional Amounts") including Brazil and Luxembourg (or, in the case the Issuer or its substitute or successor is organized in the Cayman Islands, the Cayman Islands). The Issuer or guarantor (or any successor or substitute) will pay such additional amounts as will result in receipt by the holders of notes of such amounts as would have been received by them had no such withholding or deduction for Brazilian or Luxembourg taxes (or, in the case the Issuer or its substitute or successor is organized in the Cayman Islands, Cayman Islands taxes) been required, subject to certain exceptions set forth under "Description of Notes—Payment of Additional Amounts."
Covenants	The Indenture governing the notes contains covenants that, among other things, limit the ability of the issuer, the guarantor, or the guarantor's restricted subsidiaries to: • pay dividends on, redeem or repurchase capital stock; • incur additional indebtedness; • sell assets;

	• create certain liens; • enter into sale and leaseback transactions; • engage in transactions with shareholders and affiliates; • enter into limitations on dividends and other payment restrictions affecting restricted subsidiaries; and • consolidate, merge, transfer or lease all or substantially all of their assets. In addition, the issuer is subject to additional restrictive covenants pursuant to the Indenture. These covenants are subject to important exceptions and qualifications that are described under the heading "Description of Notes—Restrictive Covenants" in this offering memorandum, including permitting the guarantor to (i) spin off all of the capital stock of Cosan Lubrificantes to its shareholders so long as the guarantor's consolidated leverage ratio is less than 3.5 to 1.0 immediately after giving effect to the Cosan Lubrificantes Spin-Off and (ii) spin off all of Cosan's equity interests in Radar to Cosan's shareholders (without regard to Cosan's consolidated leverage ratio at the time), or the Radar Spin-Off. For a detailed description of the notes, see "Description of Notes." See also "Risk Factors— Risks Relating to the Notes and the Guarantee."
Change of Control Offer	Upon the occurrence of a change of control that results in a ratings decline, you will have the right, as a holder of the notes, subject to certain exceptions, to require the issuer to repurchase some or all of your notes at 101% of their principal amount, plus accrued and unpaid interest, if any, on the repurchase date. See "Description of Notes—Certain Covenants—Repurchase of Notes upon a Change of Control."
Events of Default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, see "Description of Notes—Default and Remedies—Events of Default."
Further Issuances	Subject to the limitation on indebtedness covenant in the Indenture, the Issuer may from time to time without notice to or consent of the holders of notes create and issue an unlimited principal amount of additional notes of the same series as the notes initially issued in this offering.
Use of Proceeds	The net proceeds from this offering were used to pay the tender price of the2018 Notes and 2023 Notes tendered in connection with the tender offer. Any remaining funds

	are expected to be used by us for general corporate purposes.
Form and Denomination; Settlement	Any notes sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act will be in fully registered form without interest coupons attached, only in denominations of U.S.$200,000 and in integral multiples of U.S.$1,000 in excess thereof. Any notes sold pursuant to Rule 144A under the Securities Act will be issued in fully registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The notes will be issued in book-entry form through the facilities of DTC, for the accounts of its participants, including indirectly Euroclear Bank S.A./N.V., as the operator of the Euroclear System, and Clearstream Banking, *société anonyme*, and will trade in DTC's same-day funds settlement system. Beneficial interests in notes held in book-entry form will not be entitled to receive physical delivery of certificated notes, except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see "Description of Notes—Depositary Procedures."
Transfer Restrictions	The notes have not been registered under the Securities Act and are subject to certain restrictions on transfer, see "Transfer Restrictions."
Luxembourg Listing and Trading	There is currently no trading market for the notes. We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF Market. We cannot assure you, however, that the notes will remain so listed. If the notes are delisted, Issuer will use reasonable efforts to list the notes in another comparable exchange. However, there can be no assurance that Issuer will obtain an alternative admission to listing, trading and/or quotation for the notes by another listing authority, exchange and/or system within or outside the European Union.
Ratings	The notes have been assigned a rating of BB by Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., or S&P, a rating of Ba3 by Moody's Investor Services, Inc., or Moody's and a rating of BB+ by Fitch Ratings Inc., or Fitch. These ratings are not a recommendation to purchase, hold or sell notes, and they do not comment as to market price or suitability for a particular investor. These ratings are based upon current information furnished to S&P, Moody's and Fitch by the Issuer and information obtained by S&P, Moody's and Fitch from other sources. These ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information.

Governing Law	The Indenture and the notes are governed by the laws of the State of New York.
Trustee, Principal Paying Agent, Registrar and Transfer Agent	Deutsche Bank Trust Company Americas.
Luxembourg Listing Agent, Paying Agent and Transfer Agent	Deutsche Bank Luxembourg S.A.
Selling Restrictions	There are restrictions on persons to whom notes can be sold, and on the distribution of this offering memorandum, as described in "Plan of Distribution."
Risk Factors	You should carefully consider all of the information contained in this offering memorandum prior to investing in the notes. In particular, we urge you to carefully consider the information set forth under "Risk Factors" for a discussion of risks and uncertainties relating to us, our subsidiaries, our business and an investment in the notes.

Summary Financial and Other Information

Cosan

On July 31, 2013, we changed the end of our fiscal year from March 31 to December 31. This change was driven by the evolution in our investment portfolio, in which businesses that do not use the harvest year as their year-end (March 31) have become more significant.

Accordingly, the information related to the balance sheet and income statement in the following tables present a summary of our historical financial and operating data derived from (1) our unaudited interim financial statements as of and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015), (2) our audited financial statements as of and for the fiscal year ended December 31, 2015 (with the comparative period ended December 31, 2014) and (3) our audited financial statements as of and for the fiscal year ended December 31, 2014 (with the comparative period of the nine months ended December 31, 2013, restated for the 2014 discontinued operation resulting from the Logistics Spin-Off), all of which are presented in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

So as to allow for comparability, we have included our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 to provide a meaningful comparison with our income statement for the fiscal year ended December 31, 2014. Our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013, prepared by combining our audited income statement for the nine-month period ended December 31, 2013 (as restated, in our audited financial statements as of and for the fiscal year ended December 31, 2014, for the 2014 discontinued operation resulting from the Logistics Spin-Off) with our unaudited income statement for the three-month period ended March 31, 2013 (adjusted for the 2014 discontinued operation resulting from the Logistics Spin-Off by deducting the income statement line items derived from Rumo's historical reviewed financial statements for the three-month period ended March 31, 2013). A table setting forth the adjustments resulting from such discontinued operation due to the Logistics Spin-Off on the condensed financial information is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Presentation of Financial Statements" below.

Our interim financial statements as of March 31, 2016 and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015) are unaudited. However, according to our management, such interim financial information includes all relevant information necessary for a fair presentation of the results of the interim periods. The results of operations for the three-month period ended March 31, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016.

As of January 1, 2016, certain entities that used the equity method adopted the amendments to CPC 27 and CPC 29 "Bearer Plants." These amendments changed the accounting requirements for biological assets that meet the definition of bearer plants. Pursuant to these amendments, biological assets that meet the definition of bearer plants no longer fall within the scope of CPC 29 - Biological assets. Instead, CPC 27 – Property, plant and equipment will apply. After initial recognition, bearer plants will be measured under CPC 27, at accumulated cost (before maturity) and using the cost model. As a result of the application of these amendments, our total assets and shareholders' equity, as of December 31, 2015, were reduced by R$92.3 million as disclosed in note 2.2 to our unaudited financial information for the period ended March 31, 2016. The financial information related to our balance sheet for the years ended December 31, 2015, 2014 and 2013, presented in this section, is not adjusted for the application of these amendments.

You should read and analyze the information below in conjunction with our financial statements and related notes included elsewhere in this offering memorandum, as well as the section "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan."

	As of and for the Three-Month Period Ended March 31,			As of and for the Fiscal Year Ended December 31,			As of and for the Twelve-Month Period Ended December 31, (1)
	2016(2)	2016	2015	2015	2015	2014(3)	2013
	(in U.S.$, except operating data)	(in R$, except operating data)		(in U.S.$, except operating data)	(in R$, except operating data)		
	(in millions, except as otherwise indicated)						
Consolidated / Combined Income Statement Data:							
Net sales	551.3	1,962.1	1,935.5	2,374.9	8,451.9	8,146.9	7,949.7
Cost of sales	(337.5)	(1,201.1)	(1,445.0)	(1,664.4)	(5,923.3)	(5,803.4)	(5,721.1)
Gross profit	213.9	761.1	490.5	710.5	2,528.6	2,343.6	2,228.6
Selling expenses	(67.0)	(238.6)	(219.3)	(258.3)	(919.2)	(881.5)	(802.4)
General and administrative expenses	(39.8)	(141.7)	(140.9)	(166.7)	(593.1)	(561.5)	(527.5)
Other income (expense), net	(11.2)	(39.8)	(98.8)	67.7	240.8	(10.6)	175.5
Operation expenses	(118.0)	(420.0)	(459.0)	(357.3)	(1,271.5)	(1,453.6)	(1,154.5)
Income before financial results, equity in earnings and income taxes	95.8	341.0	31.4	353.2	1,257.1	890.0	1,074.1
Equity in earnings of investees	122.6	436.2	153.1	(0.9)	(3.2)	592.0	340.1
Equity in earnings of associates	(1.4)	(5.1)	(4.6)	217.9	775.6	3.5	4.0
Equity in earnings of joint ventures	124.0	441.3	157.7	217.0	772.4	588.4	336.1
Financial results	126.3	449.4	(284.7)	(317.0)	(1,128.2)	(945.9)	(890.3)
Profit (loss) before taxes	92.1	327.9	(100.1)	253.3	901.3	536.1	524.0
Income tax (expense) benefits:							
Current	(25.4)	(90.4)	(3.6)	(42.2)	(150.2)	(120.9)	(142.5)
Deferred	26.8	95.5	88.1	61.0	217.2	135.4	63.7
	1.4	5.1	84.5	18.8	66.9	14.5	(78.7)
Profit (loss) from continuing operations	93.6	333.0	(15.6)	272.1	968.3	550.6	445.3
Profit (loss) from discontinued operation, net of tax	—	—	—	—	—	92.7	141.5
Profit for the period	93.6	333.0	(15.6)	272.1	968.3	643.3	586.7
Net income (loss) attributable to non-controlling interests	23.7	84.3	(28.1)	84.8	301.7	(351.3)	(325.4)
Net income (loss) attributable to owners of Cosan (including discontinued operations)	69.9	248.7	(43.7)	187.3	666.6	292.0	261.3
Consolidated Other Financial Data:							
Depreciation and amortization	40.1	142.6	138.6	157.9	561.8	581.9	521.0
Adjusted EBITDA(4)	258.5	920.0	323.2	728.1	2,591.2	2,063.8	1,935.3
Adjusted Net Debt (5)	1,531.6	5,451.0	5,236.2	1,358.1	4,832.6	5,160.8	7,082.9
Adjusted Net Debt to Adjusted EBITDA Ratio (6)	5.9	5.9	16.2	1.9	1.9	3.0	3.7
Working capital (7)	373.5	1,329.3	1,065.2	511.6	1,820.7	863.2	909.4
Cash flow generated by (used in):							
Operating activities	89.1	317.1	286.8	523.5	1,863.2	1,000.2	1,235.6
Investing activities	40.2	143.1	(79.3)	22.5	79.9	(54.9)	(532.2)
Financing activities	(255.5)	(909.2)	85.5	(114.4)	(407.1)	(881.2)	(692.2)
Basic earnings per share from continuing operations (per R$/U.S.$1.00)	0.17	0.61	(0.11)	0.5	1.64	0.55	0.28
Diluted earnings per share from continuing operations (per R$/U.S.$1.00)	0.16	0.56	(0.11)	0.4	1.57	0.55	0.28
Basic earnings per share from discontinued operations (per R$/U.S.$1.00)	—	—	—	—	—	0.17	0.30

	As of and for the Three-Month Period Ended March 31,			As of and for the Fiscal Year Ended December 31,			As of and for the Twelve-Month Period Ended December 31, (1)
	2016(2)	2016	2015	2015	2015	2014(3)	2013
	(in U.S.$, except operating data)	(in R$, except operating data)		(in U.S.$, except operating data)	(in R$, except operating data)		
	(in millions, except as otherwise indicated)						
Diluted earnings per share from discontinued operations (per R$/U.S.$1.00)	—	—	—	—	—	0.17	0.30
Weighted average number of shares outstanding (total number of shares, not in millions)	405,856,814	405,856,814	405,856,814	405,856,814	405,856,814	405,856,814	404,038,814
Declared Dividends	25.29	90.0	—	178.4	635.0	275.0	450.0
Declared Dividends per share (in R$/U.S.$)	0.06	0.22	—	0.44	1.56	0.68	1.11
Other Operating Data:							
Crushed sugarcane (in million tons)(8)		2.8	—		59.9	57.1	61.4
Sugar production (in million tons)(8)		0.1	—		4.1	4.1	4.5
Ethanol production (in billion liters)(8)		0.1	—		2.1	2.1	2.0
Volume of fuel sold (in million liters)		6,035.5	5,945.1		25,076.2	24,886.8	23,014.4
Natural Gas (Comgás) (in million m³)		1.058,7	1,302.4		5,210.9	5,458.7	5,457.0
Volume of lubricants and base oil sold (in million liters)		76.9	71.2		316.9	338.5	315.6

(1) Our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 was prepared by combining our audited income statement for the nine-month period ended December 31, 2013 (as restated, in our audited financial statements as of and for the fiscal year ended December 31, 2014, for the 2014 discontinued operation resulting from the Logistics Spin-Off) with our unaudited income statement for the three-month period ended March 31, 2013 (adjusted for the 2014 discontinued operation resulting from the Logistics Spin-Off by deducting the income statement line items derived from Rumo's historical reviewed financial statements for the three-month period ended March 31, 2013). See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Presentation of Financial Statements." Neither (i) the period covered by the unaudited consolidated income statement for the three-month period ended March 31, 2013 nor (ii) the period covered by the unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 is a statutory reporting period.

(2) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(3) On October 1, 2014, Cosan completed the Logistics Spin-Off, by which it spun-off all of its equity interest in its logistics business, comprising Rumo, to shareholders of Cosan to permit a segregation of its logistics operations, which are now held under Cosan Limited as Cosan Logística. The effects of the 2014 Logistics Spin-Off are presented in the 2014 financial statements as Discontinued Operations. For additional details on the Logistics Spin-Off, see "Business—History."

(4) We define Adjusted EBITDA as our consolidated net sales, *minus* our consolidated cost of sales, *minus* our consolidated general and administrative expenses and selling expenses *minus/plus* other recurring income (expenses), net (with individual items of U.S.$50 million or less deemed recurring expenses and individual items in excess of such amount determined by us, in good faith, as recurring or non-recurring on an item-by-item basis), *minus/plus* equity income of investees, *plus* any depreciation or amortization included in any of the foregoing expenses. We use this definition of Adjusted EBITDA to be consistent with the definition required for the calculation of financial ratios applicable under the notes. The table below sets forth a reconciliation of our consolidated net sales to Adjusted EBITDA and Adjusted EBITDA Margin.

	For the Three-Month Period Ended March 31,			For the Fiscal Year Ended December 31,			As of and for the Twelve-Month Period Ended December 31(b),
	2016(a)	2016	2015	2015	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		(in R$)
Reconciliation of Net Sales to Adjusted EBITDA				(in millions, except as otherwise indicated)			
Net sales	551.3	1,962.1	1,935.5	2,374.9	8,451.9	8,146.9	7,949.7
Cost of sales	(337.5)	(1,201.1)	(1,445.0)	(1,664.4)	(5,923.3)	(5,803.4)	(5,721.1)
General and administrative expenses	(39.8)	(141.7)	(140.9)	(166.7)	(593.1)	(561.5)	(527.5)
Selling expenses	(67.0)	(238.6)	(219.3)	(258.3)	(919.2)	(881.5)	(802.4)
Other income (expenses), net	(11.2)	(39.8)	(98.8)	67.7	240.8	(10.6)	175.5
Depreciation and amortization	40.1	142.8	138.6	157.9	561.8	581.9	521.0
Equity income of investees	122.6	436.2	153.1	217.0	772.4	592.0	340.1
Adjusted EBITDA	258.5	920.0	323.2	728.1	2,591.2	2,063.8	1,935.3
Adjusted EBITDA Margin	47%	47%	17%	31%	31%	25%	24%

(a) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(b) See note (1) above.

(5) Adjusted Net Debt consists of current and non-current loans and borrowings, net of cash and cash equivalents, securities and derivative financial instruments, net. Adjusted Net Debt is a non-GAAP measure.

	As of March 31,			As of December 31,			
	2016(a)	2016	2015	2015(a)	2015	2014	2013
	(in U.S. $)	(in R$)		(in U.S.$)	(in R$)		
				(in millions)			
Current loans and borrowings	341.3	1,214.7	1,070.8	345.8	1,230.5	856.3	987.6
Non-current loans and borrowings	2,264.7	8,059.8	7,314.0	2,395.5	8,525.2	6,541.3	7,842.6
Total	2,606.0	9,274.5	8,384.8	2,741.2	9,755.7	7,397.6	8,830.2
Cash and cash equivalents	(747.5)	(2,660.3)	(1,861.6)	(879.3)	(3,129.5)	(1,540.2)	(1,474.6)
Securities	(71.5)	(254.3)	(159.2)	(67.8)	(241.4)	(149.7)	(88.0)
Total	(819.0)	(2,914.6)	(2,020.8)	(947.2)	(3,370.9)	(1,689.9)	(1,562.5)
Derivatives financial instruments, net	(255.4)	(908.9)	(1,127.9)	(436.1)	(1,552.1)	(546.9)	(184.8)
Adjusted Net Debt	1,531.6	5,451.0	5,236.2	1,358.1	4,832.6	5,160.8	7,082.9

(a) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(6) Adjusted Net Debt to Adjusted EBITDA Ratio is the ratio of: (a) the aggregate amount of Adjusted Net Debt at that time to (b) Adjusted EBITDA for the relevant twelve-month period. This ratio is presented for illustrative purposes only and does not reflect the actual calculations implemented for existing covenants, including the leverage ratio in the Indenture governing these notes.

(7) Working capital consists of total current assets less total current liabilities.

(8) During the first quarter of every year, there is minimal to no production due to the interharvest period.

	As of March 31,			As of December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
Balance Sheet Data:				(in millions)			
Assets							
Cash and cash equivalents	747.5	2,660.3	1,861.6	879.3	3,129.5	1,540.2	1,474.6
Securities	71.5	254.3	159.2	67.8	241.4	149.7	88.0
Trade receivables	204.0	726.1	785.8	213.5	759.7	822.4	844.5
Derivative financial instruments	5.0	17.9	162.6	28.2	100.5	30.1	—
Inventories	122.7	436.5	317.8	121.1	431.1	347.9	312.0
Receivables from related parties	27.8	99.1	60.0	24.3	86.6	51.4	64.5
Income tax	21.7	77.2	92.1	26.7	95.0	93.8	56.3
Taxes recoverable	24.0	85.3	88.3	38.2	135.9	78.5	85.3
Other financial assets	—	—	71.7	—	—	69.7	63.1
Dividends receivable	40.5	144.0	47.4	3.2	11.3	36.1	26.4
Other assets	12.0	42.7	60.9	17.7	63.0	163.5	217.9
	1,276.7	**4,543.4**	**3,707.4**	**1,420.1**	**5,054.0**	**3,383.3**	**3,232.5**
Assets held for sale	50.6	180.2	29.7	31.4	111.6	25.1	314.1
Current assets	**1,327.3**	**4,723.6**	**3,737.1**	**1,451.5**	**5,165.8**	**3,408.4**	**3,546.6**
Trade receivables	10.4	37.1	32.5	11.1	39.6	34.3	238.5
Deferred tax assets	91.4	325.4	254.0	94.4	335.8	213.3	232.2
Receivables from related parties	66.2	235.7	194.5	62.2	221.3	212.5	504.5
Income tax	—	—	8.8	—	—	8.8	49.3
Taxes recoverable	11.7	41.6	16.4	12.0	42.6	17.3	18.4
Judicial deposits	117.2	417.1	393.4	116.1	413.1	388.7	361.6
Other financial assets	—	—	378.1	—	—	370.5	407.1
Derivative financial instruments	520.5	1,852.4	1,557.3	616.0	2,192.3	850.3	513.9
Other non-current assets	300.2	1,068.3	754.8	297.3	1,057.9	644.9	493.3
Equity method investments	38.4	136.7	135.7	39.4	140.1	130.7	103.3
Investment in joint ventures	2,322.8	8,266.6	8,506.8	2,340.5	8,329.5	8,404.5	8,498.3
Investment property	709.8	2,526.1	2,650.0	729.2	2,595.0	2,642.0	2,281.5
Property, plant and equipment	111.3	396.1	371.0	112.9	401.8	351.4	1,271.9
Intangible assets	2,644.4	9,411.2	9,417.6	2,654.6	9,447.3	9,426.1	10,078.0
Non-current assets	**6,944.4**	**24,714.3**	**24,670.7**	**7,085.4**	**25,216.4**	**23,695.3**	**25,051.7**
Total assets	**8,271.7**	**29,437.9**	**28,407.8**	**8,537.0**	**30,382.2**	**27,103.7**	**28,598.4**
Liabilities							
Loans and borrowings	341.3	1,214.7	1,070.8	345.8	1,230.5	856.3	987.6
Derivative financial instruments	82.5	293.7	38.7	0.1	0.3	13.8	48.7
Trade payables	391.0	1,391.6	1,192.2	434.1	1,544.8	971.2	862.4
Employee benefits	17.7	62.9	62.5	29.9	106.4	101.1	103.3
Income tax payable	12.9	46.1	18.5	13.4	47.7	27.6	28.1
Other taxes payable	40.8	145.3	114.2	33.8	120.2	300.4	199.1
Dividends payable	9.4	33.3	20.3	11.7	41.7	20.3	144.8
Payables to related parties	36.0	128.2	90.2	32.2	114.6	122.4	105.5
Other	22.1	78.6	64.5	39.0	138.8	131.9	157.8
Current liabilities	**953.7**	**3,394.3**	**2,671.9**	**939.9**	**3,345.1**	**2,545.2**	**2,637.3**
Loans and borrowings	2,264.7	8,059.8	7,314.0	2,395.5	8,525.2	6,541.3	7,842.6
Preferred shareholders payable in subsidiaries	593.4	2,112.0	1,988.6	574.0	2,042.9	1,926.9	—
Derivative financial instruments	187.6	667.6	553.3	208.0	740.4	319.6	280.5
Other taxes payable	6.1	21.8	507.6	7.1	25.2	334.6	1,010.8

	As of March 31,			As of December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
Provision for judicial demand	202.9	722.1	662.2	197.6	703.3	644.4	722.5
Pension and post-employment benefits	98.1	349.3	307.0	96.7	344.3	301.8	339.1
Deferred tax liabilities	365.2	1,299.6	1,495.6	397.6	1,415.1	1,542.7	1,698.6
Other	221.1	786.9	470.0	198.3	705.9	498.0	551.7
Non-current current liabilities	**3,939.1**	**14,019.0**	**13,298.4**	**4,075.0**	**14,502.5**	**12,109.2**	**12,445.7**
Total liabilities	**4,892.9**	**17,413.3**	**15,970.3**	**5,014.9**	**17,847.5**	**14,654.4**	**15,083.0**
Equity							
Share Capital	1,074.1	3,822.7	3,632.2	1,074.1	3,822.7	3,632.2	4,691.8
Treasury shares	(16.5)	(58.7)	(58.7)	(16.5)	(58.7)	(58.7)	(104.3)
Capital reserve	265.8	946.1	953.4	268.4	955.3	950.7	856.9
Other comprehensive income	(51.8)	(184.5)	175.4	(51.9)	(184.7)	175.3	221.4
Profit reserve	1,107.8	3,942.5	4,118.7	1,211.5	4,311.5	4,118.7	4,071.1
Retained earnings	69.9	248.7	(43.7)	—	—	—	—
Equity attributable to owners of the Company	**2,449.3**	**8,716.9**	**8,777.4**	**2,485.7**	**8,846.2**	**8,818.3**	**9,736.9**
Non-controlling interests	**929.4**	**3,307.7**	**3,660.1**	**1,036.4**	**3,688.5**	**3,631.0**	**3,778.5**
Total equity	**3,378.7**	**12,024.6**	**12,437.5**	**3,522.1**	**12,534.7**	**12,449.3**	**13,515.4**
Total equity and liabilities	**8,271.7**	**29,437.9**	**28,407.8**	**8,537.0**	**30,382.2**	**27,103.7**	**28,598.4**

(1) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

Comgás

The information related to our balance sheet and income statement presented in the following tables present a summary of Comgás's historical financial and operating data, derived from the unaudited interim financial statements of Comgás as of March 31, 2016 and 2015, and for the three-month periods ended March 31, 2016 and 2015, and the audited financial statements of Comgás as of and for the fiscal years ended December 31, 2015 and 2014, included elsewhere in this offering memorandum. The information herein corresponds to 100% of Comgás's operations and results. As of March 31, 2016, we held 61.33% of the total capital stock of Comgás. Following the spin-off of Comgás, if and when it occurs, we will not hold any capital stock of Comgás. Upon consummation of the Comgás Spin-Off with Substitution, either Comgás or Comgás Holding (which will hold at least 50% of Comgás), as applicable, will substitute Cosan as guarantor.

The interim financial statements of Comgás as of March 31, 2016 and 2015 and for the three-month periods ended March 31, 2016 and 2015 are unaudited. However, according to Comgás's management, such interim financial information includes all relevant information necessary for a fair presentation of the results of the interim periods. The results of operations for the three-month period ended March 31, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016.

You should read and analyze the information below in conjunction with Comgás's financial statements and related notes included elsewhere in this offering memorandum, as well as the section "Management's Discussion and Analysis of Financial Condition and Results of Operations of Comgás."

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)		(in R$)	
	(in millions, except as otherwise indicated)						
Income Statement Data:							
Net revenue	**410.3**	**1,460.1**	**1,534.1**	**1,853.7**	**6,597.0**	**6,387.1**	**6,336.6**
Gas sales	389.2	1,358.3	1,436.4	1,728.6	6,151.9	5,865.2	5,634.5
Construction revenues	18.6	66.2	90.4	114.6	408.0	481.3	671.6
Other revenues	2.4	8.6	7.2	10.4	37.0	40.6	30.5
Cost of assets and/or services rendered	**(232.8)**	**(828.6)**	**(1,154.7)**	**(1,287.0)**	**(4,580.2)**	**(4,494.9)**	**(4,556.6)**
Gas sales	(165.8)	(590.1)	(924.4)	(990.6)	(3,525.5)	(3,580.6)	(3,475.0)
Transportation and other gas services	(48.4)	(172.3)	(139.9)	(181.7)	(646.6)	(433.0)	(409.9)
Construction revenues	18.6	(66.2)	(90.4)	(114.7)	(408.1)	(481.3)	(671.6)
Gross profit	**177.4**	**631.5**	**379.4**	**566.7**	**2,016.8**	**1,892.2**	**1,780.1**
Other operational results	**(56.0)**	**(199.4)**	**(212.7)**	**237.8**	**846.2**	**(842.3)**	**(708.2)**
Selling expenses	(9.9)	(35.1)	(35.0)	(40.8)	(145.2)	(116.6)	(122.0)
General and administrative expenses	(45.6)	(162.3)	(176.4)	(195.2)	(694.8)	(714.8)	(643.3)
Other operational revenues	0.1	0.4	0.6	0.4	1.8	1.0	68.4
Other operational expenses	(0.7)	(2.4)	(1.8)	(2.2)	(7.9)	(11.8)	(11.3)
Operating income	**121.4**	**432.0**	**166.7**	**328.9**	**1,170.5**	**1,049.9**	**1,071.9**
Net financial expenses	**(27.0)**	**(96.1)**	**(74.0)**	**(51.1)**	**(181.8)**	**(193.0)**	**(191.0)**
Financial income	15.6	55.5	37.5	67.0	238.6	111.5	51.0
Financial expenses	(42.6)	(151.6)	(111.5)	(118.2)	(420.5)	(304.5)	(242.0)
Earnings before income tax and social contribution	**94.4**	**336.0**	**92.7**	**277.8**	**988.6**	**856.9**	**880.9**
Income tax and social contribution	(32.3)	(115.0)	(42.2)	(81.4)	(289.8)	(245.3)	(261.9)
Net income	**62.1**	**221.0**	**50.5**	**196.4**	**698.8**	**611.6**	**618.9**
Basic earnings per share from continuing operations (per R$/U.S.$1.00)	0.49	1.74	0.40	1.6	5.67	5.05	5.16
Diluted earnings per share from continuing operations (per R$/U.S.$1.00)	0.49	1.74	0.40	1.6	5.67	5.05	5.16

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	As of March 31,			As of December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$) (in millions)	(in R$)		
Balance Sheet Data:							
Assets							
Cash and cash equivalents	281.0	1,000.2	1,328.3	552.9	1,967.6	973.7	536.0
Accounts receivable – clients	128.8	458.6	548.8	136.5	485.9	587.2	573.9
Other receivables	—	—	—	10.0	35.7	20.9	11.8
Inventories	37.3	132.6	126.3	37.7	134.3	125.4	121.3
Taxes recoverable	20.2	71.8	141.3	32.9	117.0	115.5	92.1
Anticipated expenditures	5,0	17.9	2.7	0.3	1.2	1.9	5.8
Other current assets	8.9	31.6	105.4	13.5	48.0	26.3	157.1
Current assets	**481.2**	**1,712.6**	**2,252.7**	**783.9**	**2,789.9**	**1,851.0**	**1,497.9**
Accounts receivable	9.8	34.9	35.6	10.4	37.0	37.0	28.7
Transportation paid and not used	—	—	—	57.5	204.7	158.2	—
Deferred taxes	158.3	563.3	756.8	166.7	593.4	799.1	955.8
ICMS recoverable	3.5	12.4	15.7	3.8	13.5	17.1	18.4
Judicial deposits	12.4	44.2	41.2	12.2	43.4	42.0	26.7
Derivative financial instruments	151.6	539.5	465.2	179.3	638.0	335.1	257.8
Others	57.9	206.1	175.1	0.4	1.3	1.7	1.4
Intangible assets	1,278.3	4,549.2	4,432.8	1,277.5	4,546.4	4,399.3	4,132.7
Noncurrent assets	**1,671.8**	**5,949.6**	**5,906.7**	**1,707.8**	**6,078.0**	**5,789.5**	**5,421.4**
TOTAL ASSETS	**2,153.0**	**7,662.3**	**8,159.4**	**2,491.8**	**8,868.0**	**7,640.4**	**6,919.3**
Liabilities							
Salaries and social deductions	8.1	28.8	26.1	17.0	60.5	49.6	50.2
Suppliers	321.3	1,143.5	1,084.4	366.0	1,302.4	848.8	706.4
Taxes and contributions payable	37.7	134.0	69.7	27.0	96.2	95.7	91.2
Loans and financing	160.5	571.2	597.0	162.0	576.7	466.7	336.4
Advances from clients and others	2.8	10.1	37.7	3.4	12.1	36.6	209.8
Current liabilities	**530.4**	**1,887.6**	**1,815.0**	**575.4**	**2,047.9**	**1,497.4**	**1,403.3**
Loans and financing	891.8	3,174.0	2,810.8	583.5	3,246.3	2,666.7	2,505.0
Advances from clients and others	5.7	20.3	24.7	6.1	21.8	25.6	27.2
Others	106.2	378.0	349.6	432.8	370.5	341.9	327.3
Noncurrent liabilities	**1,003.8**	**3,572.3**	**3,185.1**	**1,022.4**	**3,638.6**	**3,034.2**	**2,859.5**
TOTAL LIABILITIES	**1,534.2**	**5,459.9**	**5,000.1**	**1,597.9**	**5,686.6**	**4,531.6**	**4,262.8**
Paid-in capital	321.3	1,143.5	1,002.9	321.3	1,143.5	1,002.9	764.2
Capital reserves	158.5	564.0	704.7	158.4	563.9	704.7	845.5
Reevaluation reserves	(14.4)	(51.4)	(51.6)	(14.4)	(51.3)	(51.3)	(53.9)
Profit reserve	153.5	546.3	1,503.5	428.6	1,525.2	1,452.6	1,100.7
SHAREHOLDERS' EQUITY	**618.8**	**2,202.4**	**3,159.4**	**2,491.8**	**8,868.0**	**3,108.9**	**2,656.4**

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	As of and for the Three-Month Period Ended March 31,			As of and for the Year Ended December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$, except where otherwise indicated)	(in R$, except where otherwise indicated)		(in U.S.$, except where otherwise indicated)	(in R$, except where otherwise indicated)		
	(in millions, except as otherwise indicated)						
Other Financial Data:							
Depreciation and amortization	24.9	88.6	89.1	101.1	359.9	385.3	331.9
Adjusted Net Debt(2)	614.7	2,187.7	1,555.9	334.5	1,190.4	1,829.4	2,095.9
Working capital(3)	(49.2)	(174.9)	437.8	208.5	742.0	353.6	94.6
Cash flow generated by (used in):							
Operating activities	105.1	374.2	462.1	543.2	1,933.1	1,318.1	942.7
Investing activities	(26.5)	(94.4)	(123.6)	(146.5)	(521.3)	(661.5)	(791.3)
Financing activities	(350.5)	(1,247.5)	16.0	(117.4)	(417.8)	(218.8)	214.9
Adjusted EBITDA(4)	146.2	520.5	255.8	429.9	1,529.9	1,435.2	1,403.6
Adjusted EBITDA Margin(5)	36%	36%	17%	23%	23%	22%	22%
Adjusted Net Debt/Adjusted EBITDA(6)	0.24	0.24	0.16	1.29	1.29	1.27	1.49
Normalized net income(7)	26.2	93.3	84.4	174.1	619.7	546.0	600.8

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(2) Adjusted Net Debt consists of current and non-current debt, net of cash and cash equivalents and derivative assets on debt. Adjusted Net Debt is a non-GAAP measure. We use this definition of Adjusted Net Debt to be consistent with the definition required for the calculation of financial ratios applicable under the notes. The following table sets forth a reconciliation of Adjusted Net Debt to current debt:

Reconciliation of Total Debt to Adjusted Net Debt:	As of March 31,			As of December 31,			
	2016(a)	2016	2015	2015(a)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
				(in millions)			
Current debt	160.5	571.2	597.0	162.0	576.7	466.7	336.4
Non-current debt	891.8	3,174.0	2,810.8	912.2	3,246.3	2,666.7	2,505.0
Total debt	1,052.4	3,745.2	3,407.7	1,074.2	3,823.0	3,133.4	2,841.4
Cash and cash equivalents	(281.0)	(1,000.2)	(1,328.2)	(552.9)	(1,967.6)	(973.7)	(536.0)
Derivative financial instrument, net	(156.6)	(557.4)	(523.6)	(186.9)	(665.0)	(330.2)	(209.5)
Adjusted Net Debt	614.7	2,187.7	1,555.9	334.5	1,190.4	1,829.4	2,095.9

(a) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from reais into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(3) Working capital consists of total current assets less total current liabilities.

(4) We define Adjusted EBITDA as Comgás's net sales, minus its cost of assets and/or services rendered, minus its general and administrative expenses and selling expenses minus/plus other recurring income (expenses), net (with individual items of U.S.$50 million or less deemed recurring expenses and individual items in excess of such amount determined by Comgás, in good faith, as recurring or non-recurring on an item-by-item basis), minus/plus equity income of associates, plus any depreciation or amortization included in any of the foregoing expenses. We use this definition of Adjusted EBITDA to be consistent with the definition required for the calculation of financial ratios applicable under the notes. The table below sets forth a reconciliation of our net sales to Adjusted EBITDA and Adjusted EBITDA margin.

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016(a)	2016	2015	2015(a)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
	(in millions, except as otherwise indicated)						
Reconciliation of Net Sales to Adjusted EBITDA:							
Net sales	410.3	1,460.1	1,534.1	1,853.7	6,597.0	6,387.1	6,336.6
Cost of assets and/or services rendered	(232.8)	(828.6)	(1,154.7)	(1,287.0)	(4,580.2)	(4,494.9)	(4,556.6)
General and administrative expenses	(45.6)	(162.3)	(176.4)	(195.2)	(694.8)	(714.8)	(643.3)
Selling expenses	(9.9)	(35.1)	(35.0)	(40.8)	(145.3)	(116.6)	(122.0)
Other income (expenses), net	(0.6)	(2.0)	(1.3)	(1.7)	(6.1)	(10.9)	57.0
Depreciation and amortization	24.8	88.4	89.1	101.1	359.9	385.3	331.9
Adjusted EBITDA	146.2	520.5	255.8	429.9	1,529.9	1,435.2	1,403.6
Adjusted EBITDA Margin	36%	36%	17%	23%	23%	22%	22%

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(5) Adjusted EBITDA Margin is Adjusted EBITDA divided by net sales, expressed as a percentage.

(6) Represents Adjusted Net Debt divided by Adjusted EBITDA for the relevant twelve-month period. Adjusted Net Debt/Adjusted EBITDA presented in the table above has been calculated in the same manner as the calculation of the Net Debt to EBITDA Ratio for the purposes of the Indenture governing the notes.

(7) Normalized net income is calculated as net income, adjusted for the effects of the regulatory account, which is the difference between the amount Comgás pays for natural gas and the amount Comgás is allowed to charge consumers, plus income tax and social contribution related to those items plus other items. The table below sets forth a reconciliation of Comgás's normalized net income to net income.

	For Three-Month Period Ended March 31,			For Year Ended December 31,			
	2016(a)	2016	2015	2015 4(a)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
				(in millions)			
Reconciliation of Normalized net income to Net income:							
Net income	62.1	221.0	50.5	196.4	698.8	611.6	618.9
Regulatory account, net	36.6	(130.2)	28.7	28.2	(100.2)	(86.8)	(44.6)
Regulatory accounts	(55.4)	(197.2)	43.4	(42.7)	(151.8)	(131.4)	(67.5)
Income tax and social contribution	18.9	67.0	(14.8)	14.5	51.7	86.7	44.6
Other	0.7	2.5	5.2	6.0	21.0	21.1	26.4
Normalized net income	26.2	93.3	84.4	174.1	619.7	546.0	600.8

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RISK FACTORS

An investment in our notes involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information contained in this offering memorandum before making any investment in our notes. The risks described below are not the only ones we and Comgás face or to which investments in Brazil are subject. Our and Comgás's business, financial position or results of operations may be adversely and materially affected by any of these risks. Additional risks that are not currently known to us or Comgás, or which we or Comgás currently consider to be immaterial, may also affect our business. This offering memorandum also contains estimates and other disclosures that involve risks and uncertainties. Our and Comgás's results may differ significantly from those previously projected as a result of certain factors, including the risks faced by us and Comgás, as described below and in other sections of this offering memorandum.

Risks Related to the Company's Business and Industries in Which the Company Operates

We operate in industries in which the demand and the market price for our products are cyclical and are affected by general economic conditions in Brazil and globally.

The ethanol and sugar industries, both globally and in Brazil, have historically been cyclical and sensitive to domestic and international changes in supply and demand.

Our sugar production depends on the volume and sucrose content of the sugarcane that we cultivate or is provided to us by farmers located near our plants. Crop yields and sucrose content of the sugarcane mainly depend on weather conditions, such as rainfall and temperature, which may vary and may be influenced by global climate change.

Weather conditions have caused volatility in the ethanol and sugar sectors and, consequently, in our operational results by causing crop failures or reduced harvests. Floods, droughts and frosts, which can be influenced by global climate change, may affect the supply and prices of the agricultural commodities we sell and use in our business. Future climate conditions may reduce the quantity of sugar and sugarcane that we can obtain in a given crop or the sucrose content of the sugarcane. In addition, our production of sugar and ethanol is contingent on our ability to incur capital expenditures to renew sugarcane crops.

Historically, the international sugar market has experienced periods of limited supply—causing sugar prices and industry profit margins to increase—followed by an expansion in the industry that results in oversupply—causing declines in sugar prices and industry profit margins. In addition, fluctuations in prices for ethanol or sugar may occur, for various other reasons, including factors beyond our control, such as:

- fluctuations in gasoline prices;
- variances in the production capacities of our competitors; and
- the availability of substitute goods for the ethanol and sugar products we produce.

The prices we are able to obtain for sugar depends, in large part, on prevailing market conditions. These market conditions, both in Brazil and internationally, are beyond our control. The wholesale price of sugar has a significant impact on our profits. Like other agricultural commodities, sugar is subject to price fluctuations resulting from weather, natural disasters, harvest levels, agricultural investments, government policies and programs for the agricultural sector, domestic and foreign trade policies, shifts in supply and demand, increasing purchasing power, global production of similar or competing products, and other factors beyond our control. In addition, a significant portion of the total worldwide sugar production is traded on exchanges and thus is subject to speculation, which could affect the price of sugar and our results of operations. The price of sugar, in particular, is also affected by producers' compliance with sugar export requirements and the resulting effects on domestic supply. As a consequence, sugar prices have been subject to higher historical volatility when compared to many other commodities. Competition from alternative sweeteners, including saccharine and high fructose corn syrup, known as "HFCS," changes in Brazilian or international agricultural or trade policies or developments relating to international trade, including those under the World Trade Organization, are factors that can directly or indirectly result in lower domestic or global sugar prices. Sugar prices reached their highest levels in nearly 30 years during the 2010 fiscal year, reflecting the deficit in global sugar production. However, from 2010 to 2016, sugar prices decreased due to

the increase in global sugar supplies. Any prolonged or significant decrease in sugar prices could have a material adverse effect on our business and financial performance.

Ethanol is marketed as a fuel additive to reduce vehicle emissions from gasoline, as an enhancer to improve the octane rating of gasoline with which it is blended or as a substitute fuel for gasoline. As a result, ethanol prices are influenced by the supply of and demand for gasoline, and our business and financial performance may be materially adversely affected by fluctuations in the demand for and/or price of gasoline. The increase in the production and sale of flex fuel vehicles (hybrid vehicles, that run with ethanol or gasoline or both combined in any proportion) has resulted, in part, from lower taxation, since 2002, of such vehicles compared to gasoline only cars. This favorable tax treatment may be eliminated and the production of flex fuel vehicles may decrease, which could adversely affect demand for ethanol.

If we are unable to maintain sales at generally prevailing market prices for ethanol and sugar in Brazil and internationally, or if we are unable to export sufficient quantities of ethanol and sugar to assure an appropriate domestic market balance, our ethanol and sugar business as well as our cash flow may be adversely affected.

Ethanol prices are directly correlated to the price of sugar, so that a decline in the price of sugar will adversely affect both our ethanol and sugar businesses.

The price of ethanol generally is closely associated with the price of sugar and is increasingly becoming correlated to the price of oil. A vast majority of ethanol in Brazil is produced at sugarcane mills that produce both ethanol and sugar. Because sugarcane millers are able to alter their product mix in response to the relative prices of ethanol and sugar, this results in the prices of both products being directly correlated, and the correlation between ethanol and sugar may increase over time. In addition, sugar prices in Brazil are determined by prices in the world market, so that there is a correlation between Brazilian ethanol prices and world sugar prices.

Because flex fuel vehicles allow consumers to choose between gasoline and ethanol at the pump rather than at the showroom, ethanol prices are now becoming increasingly correlated to gasoline prices and, consequently, oil prices. We believe that the correlation among the three products will increase over time. Accordingly, a decline in sugar prices will have an adverse effect on the financial performance of our ethanol and sugar businesses, and a decline in oil prices may have an adverse effect on that of our ethanol business, including on its cash flows.

We may not successfully acquire or develop additional production capacity through greenfield projects or expansion of existing facilities.

We may explore growth opportunities in the future through the acquisition or development of greenfield projects or through the expansion of our existing facilities. For example, we do not have environmental or other permits, designs or engineering, procurement and construction contracts with respect to any potential projects. Any such growth is subject to factors that are beyond our control, such as the existence of opportunities that fit our profile, as well as risks associated with due diligence, project development timelines and governmental approvals. As a result, we may not complete these projects on a timely basis or at all, and may not realize the related benefits we anticipate. In addition, we may be unable to obtain the required financing for these projects or the expansion of our existing facilities on satisfactory terms, or at all.

The integration of greenfield projects or expansion of our existing facilities may result in unforeseen operating difficulties and may require significant financial and managerial resources that would otherwise be used for our current operations. Planned or future greenfield projects or expansion of existing facilities may not enhance our financial performance.

We may not successfully implement our plans to sell energy from our cogeneration projects, and the Brazilian government's regulation of the energy sector may adversely affect our business and financial performance.

Our current total installed energy cogeneration capacity is approximately 940 MW, which is used to generate energy for our own industrial operations and to sell surplus energy to third parties. The Brazilian government regulates the energy sector extensively. We may not be able to satisfy all the requirements necessary to enter into new contracts or to otherwise comply with Brazilian energy regulation. Changes to the current energy regulation or federal authorization programs, and the creation for more stringent criteria for qualification in future public energy auctions, may adversely affect the implementation of this element of our business strategy.

Raízen Energia, Raízen Combustíveis and Cosan Lubrificantes are subject to the application of regulatory penalties in the event of non-compliance with the terms and conditions of their respective authorizations, including the possible revocation of such authorizations.

Raízen Energia performs generation activities in accordance with the regulation applicable to the energy sector and with the terms and conditions of authorizations granted by the Brazilian government, through ANEEL. The duration of such authorizations varies from 30 to 35 years.

ANEEL may apply regulatory penalties to Raízen Energia in the event of non-compliance with the authorizations or with the energy sector regulation. Such penalties may include warnings, fines (in some cases up to 2% of our revenues for the last 12 months), restrictions on Raízen Energia's operations and revocation of its authorizations, based upon the gravity of the infraction.

In addition, Raízen Combustíveis performs fuel distribution activities and Cosan Lubrificantes manufactures and distributes lubricants in accordance with the regulation applicable to the oil and gas sector and with the terms and conditions of the authorizations granted by the Brazilian government, through the ANP. The ANP may apply regulatory penalties to Raízen Combustíveis and Cosan Lubrificantes in the event of non-compliance with the authorizations or with the oil and gas sector regulation. Such penalties may include fines, seizure and/or destruction of product, cancellation of product registry, partial or total interdiction of commercial establishments, revocation of regulatory authorization, among others. The fines may vary from R$5,000 to R$5,000,000 based upon the type and gravity of the infraction.

Raízen Energia, Raízen Combustíveis and Cosan Lubrificantes cannot assure that they will not be penalized by ANEEL or ANP, respectively, nor can they assure you that they will comply with all terms and conditions of their authorizations and with the regulation applicable to their respective businesses, which may materially adversely affect our business, results of operations and financial condition.

We may engage in hedging transactions, which involve risks that can harm our financial performance.

We are exposed to market risks arising from the conduct of our business activities—in particular, market risks arising from changes in commodity prices, exchange rates or interest rates. In an attempt to minimize the effects of volatility of sugar prices and exchange rates on our cash flows and results of operations, we engage in hedging transactions involving commodities and exchange rate futures, options, forwards and swaps. We also engage in interest rate-related hedging transactions from time to time. Hedging transactions expose us to the risk of financial loss in situations where the counterparty to the hedging contract defaults on its contract or there is a change in the expected differential between the underlying price in the hedging agreement and the actual price of commodities or exchange rate. We may incur significant hedging-related losses in the future. We hedge against market price fluctuations by fixing the prices of our sugar export volumes and exchange rates. Since we record derivatives at fair value, to the extent that the market prices of our products exceed the fixed price under our hedging policy, our results will be lower than they would have been if we had not engaged in such transactions as a result of the related non-cash derivative expenses. As a result, our financial performance would be adversely affected during periods in which commodities prices increase. Alternatively, we may choose not to engage in hedging transactions in the future, which could materially adversely affect our financial performance during periods in which commodities prices decrease.

Raízen Energia and Raízen Combustíveis face significant competition, which may materially adversely affect our market share and profitability.

The ethanol and sugar industries are highly competitive. Internationally, we compete with global ethanol and sugar producers such as Poet, Inc., Archer-Daniels-Midland Company, Cargill, Inc. and A.E. Staley Manufacturing Company (a subsidiary of Tate & Lyle, PLC). Some of our competitors are divisions of larger enterprises and have greater financial resources than us. In Brazil, we compete with numerous small to medium-size producers. Despite increased consolidation, the Brazilian ethanol and sugar industries remain highly fragmented. Our major competitors in Brazil are Biosev (the second largest ethanol and sugar producer in Brazil), Tereos - Guarani (the third-largest ethanol and sugar producer in Brazil), Bunge, Santa Terezinha, São Martinho, Carlos Lyra, Tercio Wanderley, Zilor, Oscar Figueiredo, Da Pedra, and Irmãos Biagi and other ethanol and sugar producers in Brazil that market their ethanol and sugar products through the Cooperative of Sugarcane, Sugar and Ethanol Producers of the state of São Paulo (*Cooperativa de Produtores de Cana-de-açúcar, Açúcar e Álcool do Estado de São Paulo*), or Copersucar.

Copersucar is comprised of producers in the states of São Paulo, Minas Gerais and Paraná. We are not a member of Copersucar.

We face strong competition from international producers, particularly in highly regulated and protected markets, such as the United States and the European Union. Historically, imports of sugar have not provided substantial competition for us in Brazil due to, among other factors, the production and logistical cost-competitiveness of sugar produced in Brazil. If the Brazilian government were to create incentives for sugar imports, we could face increased competition in the Brazilian market by foreign producers. Many factors influence our competitive position, including the availability, quality and cost of fertilizer, energy, water, chemical products and labor. Some of our international competitors have greater financial and marketing resources, larger customer bases and broader product ranges than we do. If we are unable to remain competitive with these producers in the future, our market share may be adversely affected.

The fuel distribution and lubricant market in Brazil is highly competitive. For example, we compete with domestic fuel distributors who purchase substantially all of their fuel from Petrobras. There are very few domestic competitors, such as us, who import certain products into Brazil. In addition, we compete with producers and marketers in other industries that supply alternative forms of energy and fuel to satisfy the requirements of our industrial, commercial and retail consumers. Certain of our competitors, such as Petrobras, have larger fuel distribution networks and vertically integrated oil refineries, and may be able to realize lower per-barrel costs or higher margins per barrel of throughput. Our principal competitors in the fuel distribution and the lubricant market are larger and have substantially greater resources than we do. Because of their integrated operations and larger capitalization, these companies may be more flexible in responding to volatile industry or market conditions, such as shortages of crude oil and other feedstock or intense price fluctuations. The actions of our competitors could lead to lower prices or reduced margins for the products we sell, which could have a material and adverse effect on our business, results of operations and our financial performance.

Transporting and storing natural gas involves numerous risks that may result in accidents and other operating risks and costs that could adversely affect our results of operations, cash flows and financial condition.

Our activities involve a variety of inherent hazards and operating risks, such as leaks, accidents and mechanical problems, which could cause substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution and impairment of our operations, which in turn could lead to substantial losses. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. The location of pipelines and storage facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from these risks. The occurrence of any of these events if not fully covered by insurance could adversely affect our results of operations, cash flows and financial condition.

The volatility and uncertainties in international oil and gas prices as well as a significant depreciation of the* real *relative to the U.S. dollar may affect the operating costs and competitive positions of our businesses, which could adversely affect its results of operations, cash flows and financial condition.

Natural gas and oil prices historically have been volatile and may continue to be volatile in the future. Prices for natural gas and oil are subject to a variety of factors that are beyond our control. These factors include, but are not limited to, the level of consumer demand for, and the supply of, natural gas, processing, gathering and transportation availability, statutory gas supply purchase obligations, price and availability of alternative fuel sources, weather conditions, natural disasters and political conditions or hostilities in natural gas producing regions.

In addition, the amounts we pay under our natural gas supply agreements are comprised of two components: (1) one that is indexed to a basket of combustible oils in the international market that is adjusted quarterly, and (2) one that is adjusted annually based on the inflation rate. We have no control over either of these components. Furthermore, natural gas supply agreements often take the form of a “take or pay” agreement, pursuant to which we might be required to pay the difference in amounts between actual consumption and the contract amount. Variations and uncertainties in the price and demand of oil and gas are beyond our control and may adversely affect our results of operations.

Renewal of our natural gas concession agreement is not guaranteed, the terms we will receive if such renewal is granted could adversely affect our results of operations, cash flows and financial condition and our growth strategy would be materially adversely affected if we cannot obtain new concessions on similar terms or if our existing concession is terminated.

We, through our affiliate Comgás, carry out our natural gas distribution activities pursuant to a concession agreement entered into with the Government of the State of São Paulo and regulated by ARSESP for a 30-year term with a one-time possibility of renewal for an additional 20 years at the discretion of the Government of the State of São Paulo, subject to certain conditions, including approval by ARSESP. The Brazilian Constitution (Article 175) requires that all concessions relating to public services be awarded through a public bidding process.

Due to the discretionary power of the Government of the State of São Paulo in granting the renewal of our concession agreement, we cannot assure you that our concession agreement will be renewed, or that it will be renewed on the same terms. Moreover, pursuant to the terms of our concession agreement, the Government of the State of São Paulo may terminate our concession agreement upon the occurrence of certain conditions. If our concession agreement is not renewed, or is renewed with less favorable terms, or is terminated, our business, financial condition and results of operations will be materially adversely affected.

Our business is subject to regulation, control and supervision of ARSESP, which could affect our financial performance. ARSESP establishes the maximum values of our rates and regulates and supervises our business. Pursuant to our concession agreement, every five years – or whenever ARSESP deems the economic and financial balance of the concession agreement to be adversely affected due to the variation of costs incurred by Comgás – our rates are reviewed by ARSESP, which directly affects our margins and our results, either positively or negatively. Such margins are adjusted annually by the IGP-M minus the efficiency factor determined for each tariff cycle by ARSESP. As a result, the implementation of our growth strategy and the normal course of our business may be adversely affected by government actions.

We cannot guarantee that changes arising from the tariff review process will be supportive of our strategy.

The principal rights and obligations of the holders of concessions are included in the concession agreement, and in the regulations established by ARSESP. Among the items provided in the concession agreement is the tariff review, which should occur in five-year cycles and serves to reestablish the economic and financial balance of the concession, setting the average margin for the cycle and the rates that will apply for each segment. We cannot assure you that in the future tariffs will be set at a level that would permit us to continue to operate profitably.

In addition, in its regulatory capacity, ARSESP may impose penalties on us if we fail to comply with any provision of the concession agreement. Depending on the severity of noncompliance, applicable penalties include, among others:

- assessments;
- fines;
- bans on the construction of new facilities and equipment;
- forfeiture of the concession; and
- impediment from participating in public bidding process and to be awarded with new concessions.

We cannot guarantee that we will not be penalized by ARSESP for breaching our natural gas concession agreement or that the concession will not be revoked in the future. The compensation to which we would be entitled in the event of possible revocation of the concessions may not be sufficient to recover the full value of certain assets. Therefore, the imposition of fines or penalties on us or the revocation of the concessions may have a material adverse effect on our financial condition and results of operations.

A reduction in market demand for ethanol or a change in governmental policies requiring ethanol be added to gasoline may materially adversely affect our business.

We produce and sell three different types of ethanol: hydrous ethanol, anhydrous ethanol for fuel and industrial ethanol. The primary type of ethanol consumed in Brazil is hydrous ethanol, which is used as an alternative to gasoline for flex fuel vehicles (as opposed to anhydrous ethanol which is used as an additive to gasoline).

Governmental authorities of several countries, including Brazil and the United States, currently require the use of anhydrous ethanol as an additive to gasoline. Since 1997, the Brazilian Sugar and Alcohol Interministerial Council (*Conselho Interministerial do Açúcar e Álcool*) has set the percentage of anhydrous ethanol that must be used as an additive to gasoline. According to CIMA Resolution No. 1 dated March 04, 2015, the current anhydrous ethanol percentage for regular gasoline is 27% and for additive/premium gasoline is 25%. Approximately one-half of all fuel ethanol in Brazil is used to fuel automobiles that run on a blend of anhydrous ethanol and gasoline; the remainder is used in either flex fuel vehicles or vehicles powered by hydrous ethanol alone. Other countries have similar governmental policies requiring various blends of anhydrous ethanol and gasoline. In addition, flex fuel vehicles in Brazil are currently taxed at lower levels than gasoline-only vehicles, which has contributed to the increase in the production and sale of flex fuel vehicles. Any reduction in the percentage of ethanol required to be added to gasoline or increase in the levels at which flex fuel vehicles are taxed in Brazil, as well as growth in the demand for natural gas and other fuels as an alternative to ethanol, lower gasoline prices or an increase in gasoline consumption (versus ethanol), may cause demand for ethanol to decline and affect our business. In addition, ethanol prices are influenced by the supply and demand for gasoline; therefore, a reduction in oil prices resulting in a decrease in gasoline prices and an increase in gasoline consumption (versus ethanol), may have a material adverse effect on our business, results of operations and financial condition.

Government policies and regulations affecting the agricultural and fuel sectors and related industries could materially adversely affect our operations and profitability.

Agricultural production and trade flows are significantly affected by Brazilian federal, state and municipal, as well as foreign, government policies and regulations. Governmental policies affecting the agricultural industry, such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products, may influence industry profitability, the planting of certain crops versus others, the uses of agricultural resources, the location and size of crop production, the trading levels for unprocessed versus processed commodities, and the volume and types of imports and exports.

Future government policies in Brazil and elsewhere may adversely affect the supply, and demand for, and prices of, our products or restrict our ability to do business in our existing and target markets, which could adversely affect our financial performance. Our operations are currently concentrated in the state of São Paulo. Any changes affecting governmental policies and regulations regarding natural gas in the state of São Paulo (at the federal, state or municipal level) may materially adversely affect our business and financial performance.

In addition, petroleum and petroleum products have historically been subject to price controls in Brazil. Currently there is no legislation or regulation in force giving the Brazilian government the power to set prices for petroleum, petroleum products, ethanol or vehicular natural gas. However, given that Petrobras, the only supplier of oil-based fuels in Brazil, is a government-controlled company, prices of petroleum and petroleum products are subject to government influence, resulting in potential inconsistencies between international prices and internal oil derivative prices that affect our business and our financial results, which are not linked to international prices.

We may not be successful in reducing operating costs and increasing operating efficiencies.

As part of our strategy, we continue to seek to reduce operating costs and increase operating efficiencies to improve our future financial performance. We may not be able to achieve the cost savings that we expect to achieve as a result of several factors, including increases in the price of our raw materials and other cost inputs.

Given the highly competitive markets in which we operate, with prices often being defined based on global supply and demand, it is highly likely that we will not pass on material cost increases, materially adversely affecting our financial performance.

Government laws and regulations governing the burning of sugarcane, including requirements in respect of Legal Reserve, could have a material adverse impact on our business or financial performance.

The state of São Paulo and some local governments have established laws and regulations that limit our ability to burn sugarcane or that reduce and/or entirely prohibit the burning of sugarcane. The costs to comply with existing or new laws or regulations are likely to increase the cost of production, and, as a result, our ability to operate our own mills and harvest our sugarcane crops may be materially adversely affected.

In addition to restrictions that limit sugarcane burning and other environmental restrictions, we are required to preserve a percentage of our rural properties (sugarcane fields and other facilities), in order to contribute to a biodiversity preservation and ecologic rehabilitation fund known as the "Legal Reserve." For rural areas located in the state of São Paulo, 20% of the property must be preserved to comply with the Brazilian Forestry Code obligations.

Any failure to comply with these laws and regulations may subject us to legal and administrative actions. These actions can result in administrative or criminal penalties, including, but not limited to, suspension, shutdowns, a requirement to pay fines, which may range from R$50 to R$50 million and can be doubled or tripled in case of recidivism, an obligation to make capital and other expenditures or an obligation to materially change or cease some operations. In addition, we may be subject to civil liabilities, which include the obligation to redress eventual damages caused to environment and public health. The demonstration of the cause-effect relationship between the damage caused and action or omission is sufficient to trigger the obligation to redress environmental damage.

Adverse weather conditions may reduce the volume and sucrose content of sugarcane that we can cultivate and purchase in a given harvest as well as demands for natural gas, and we are affected by seasonality of the sugarcane growing cycle.

Our sugar production depends on the volume and sucrose content of the sugarcane that we cultivate or that is supplied to us by growers located in the vicinity of our mills. Crop yields and sucrose content depend primarily on weather conditions such as rainfall and temperature, which vary and may be influenced by global climate change. Weather conditions have historically caused volatility in the ethanol and sugar industries and, consequently, in our results of operations, by causing crop failures or reduced harvests. Flood or drought, which may be influenced by global climate change, can materially adversely affect the supply and pricing of the agricultural commodities that we sell and use in our business. Future weather patterns may reduce the amount of sugar or sugarcane that we can recover in a given harvest or its sucrose content.

During the third and fourth quarter of 2014, a severe drought affected southeast Brazil, Comgás's concession area, during which time residents were encouraged to save water. As a relevant portion of Comgás's revenues is derived from the residential segment, and a significant portion of natural gas used by residential consumers is used for heating water, Comgás experienced a decrease in its net revenues derived from the residential segment. Therefore, our and Comgás's business may be materially affected by unusual climate patterns.

In addition, our business is subject to seasonal trends based on the sugarcane growing cycle in the central-south region of Brazil. The annual sugarcane harvesting period in the central-south region of Brazil begins in April/May and ends in November/December. This creates fluctuations in our inventory, usually peaking in December to cover sales between crop harvests (*i.e.*, December through April), and a degree of seasonality in our gross profit, with ethanol and sugar sales significantly lower in the quarter ended on December 31. Seasonality and any reduction in the volumes of sugar recovered could have a material adverse effect on our business, results of operations and financial condition.

We may be adversely affected by a shortage of sugarcane or by high sugarcane costs.

Sugarcane is the principal raw material used by Raízen Energia (a company which we jointly control with Shell) for the production of ethanol and sugar. As of December 31, 2015, sugarcane purchased from suppliers accounted for 52% of our total crushed sugarcane. Historically, approximately 90% of the sugarcane purchased by us has been under medium- and long-term contracts with sugarcane growers, 3% on a spot basis and the remaining 7% from sugarcane growers with whom we have long-term relationships but no contractual arrangements. We generally enter into medium- and long-term supply contracts for periods varying from three and one-half to seven years. As of December 31, 2015, we also leased approximately 525,000 hectares to produce our own sugarcane in contracts with an average term of fourteen years. Any shortage in sugarcane supply or increase in sugarcane prices

in the near future, including as a result of the termination of supply contracts or lease agreements representing a material reduction in the sugarcane available to us for processing or increase in sugarcane prices may materially adversely affect our business, results of operation and financial condition.

Social movements may affect the use of our agricultural properties or cause damage to them.

Social movements such as the Landless Rural Workers' Movement (*Movimento dos Trabalhadores Rurais Sem Terra*) and the Pastoral Land Commission (*Comissão Pastoral da Terra*) are active in Brazil and advocate land reform and property redistribution by the Brazilian Government. Invasion and occupation of agricultural land by large numbers of people is a common practice among the members of such movements, and in certain regions, including those in which we own or lease property, remedies such as police protection or eviction procedures are inadequate or non-existent. As a result, we cannot assure you that our agricultural properties will not be subject to invasion or occupation by any of such social movements. Any invasion or occupation may materially impair the use of our lands and materially adversely affect our business, financial condition, and results of operations.

Alternative sweeteners have negatively affected demand for our sugar products in Brazil and other countries.

We believe that the use of alternative sweeteners, especially artificial alternative sweeteners such as aspartame, saccharine and HFCS, has adversely affected the growth of the overall demand for sugar in Brazil and abroad. Soft drink bottlers in many countries have switched from sugar to, or increased consumption of, alternative sweeteners. In addition, the use of alternative sweeteners by sugar consumers, including soft drink bottlers, may also reduce the demand for sugar in Brazil. A substantial decrease in sugar consumption, or the increased use of alternative or artificial sweeteners, would decrease demand for our sugar products and could result in lower growth in our net sales and overall financial performance.

Raízen Energia's sugar and ethanol products are sold to a small number of customers which may be able to exercise significant bargaining power concerning pricing and other sale terms.

A substantial portion of Raízen Energia's sugar and ethanol production is sold to a small number of customers that acquire large portions of our production and thus may be able to exercise significant bargaining power concerning pricing and other sale terms. In addition, intensive competition in the ethanol and sugar industries further increases the bargaining power of customers and the potential for customers to purchase part of their sugar or ethanol from competitors, or for Raízen Energia to lose these customers altogether, creating a material adverse effect on its sales volumes.

Raízen Energia's export sales are subject to a broad range of risks associated with international operations.

In the fiscal year ended December 31, 2015, our net sales from exports represented 60% of our total net sales, while in the year ended December 31, 2014, our net sales from exports represented 56% of our total net sales.

In the fiscal year ended December 31, 2015, our net sales from sugar exports were R$3,660.2 million, representing 33% of our total net sales for the period In the year ended December 31, 2014, our net sales from sugar exports were R$3,050.5 million, representing 33% of our total net sales for the period. Further, in the fiscal year ended December 31, 2015, our net sales from exports of ethanol were R$2,982.6 million, representing 27% of our total net sales for that period and in the year ended December 31, 2014, our net sales from ethanol exports were R$2,149.0 million, representing 23% of our total net sales for that period.

We expect to expand our ethanol exports in the future. Expansion of ethanol exports depends on factors beyond our control, including liberalization of existing trade barriers and the establishment of distribution systems for hydrous ethanol in countries outside of Brazil. Our future financial performance will depend, to a significant extent, on economic, political and social conditions in our main export markets.

Most ethanol and/or sugar producing countries, including the United States and member countries of the European Union, protect local producers from foreign competition by establishing government policies and regulations that affect ethanol and sugar production, including quotas, import and export restrictions, subsidies, tariffs and duties. As a result of these policies, domestic ethanol and sugar prices vary greatly in individual countries. We have limited or no access to these large markets as a result of trade barriers. If these protectionist policies continue, we may not be able to expand our export activities at the rate we currently expect, or at all, which could materially adversely affect our business, results of operations and financial condition. Also, if new trade

barriers are established in our key export markets, we may face difficulties in reallocating our products to other markets on favorable terms, and our business and financial performance may be adversely affected.

Fire and other disasters could affect our agricultural and manufacturing properties and our facilities and distribution networks, which would materially adversely affect our production and distribution volumes and, consequently, results of operations.

Our operations are subject to risks affecting our agricultural properties and facilities and distribution networks, including fire potentially destroying some or all of our crop and facilities. In addition, our operations are subject to hazards associated with the manufacture of inflammable products and transportation of raw materials and inflammable products. Our insurance coverage may not be sufficient to provide full protection against these types of casualties.

Crop disease and pestilence may strike our crops which may result in destruction of a significant portion of our harvest. Crop disease and pestilence can occur from time to time and have a devastating effect on our crops, potentially rendering useless or unusable all or a substantial portion of affected harvests. Even when only a portion of the crop is damaged, our business, results of operations and financial condition could be adversely affected because we may have incurred a substantial portion of the production cost for the related harvest. The cost of treatment of crop disease tends to be high. Any serious incidents of crop disease or pestilence, and related costs, may adversely affect our production levels and, as a result, our net sales and overall financial performance.

Anticompetitive practices in the fuel and lubricants distribution market may distort market prices.

In the last few years, anticompetitive practices have been one of the main problems affecting fuel distributors in Brazil. Generally these practices have involved a combination of tax evasion and fuel adulteration, such as the dilution of gasoline by mixing solvents or adding anhydrous ethanol in an amount greater than the 27% permitted by applicable law (the overall taxation of anhydrous ethanol is lower than hydrated ethanol and gasoline). Taxes constitute a significant portion of the cost of fuels sold in Brazil. For this reason, tax evasion by some fuel distributors has been prevalent, allowing them to lower the prices they charge. These practices have enabled certain distributors to supply large quantities of fuel products at prices lower than those offered by the major distributors, including us, which has resulted in a considerable increase in the sales volumes of the distributors who have adopted these practices. The final prices for fuels are calculated based on the taxes levied on their purchase and sale, among others factors. As a result, anticompetitive practices as such tax evasion may affect our sales volume, which could have a material adverse effect on our business. If such practices become more prevalent, it could lead to lower prices or reduced margins for the products we sell, which could have a material adverse effect on our business, results of operations or financial condition.

In Brazil, Petrobras is the main supplier of base oils, the primary distributor of fuel and the dominant company in the natural gas sector. In the event of an interruption of supply of fuels from Petrobras, significant disruption to Cosan's fuels and lubricant sales may occur.

Petrobras is the principal supplier of fuel in Brazil and the distribution policies it sets forth directly affect the Brazilian energy matrix. With the recent discoveries in the pre-salt oil fields, and the beginning of production in the Santos basin, which is located close to our concession area, we face uncertainties regarding the production of alternative fuel. Petrobras is also the subject of "*Lava Jato*" investigations by the Brazilian Federal Police, the Brazilian Federal Prosecutor's Office, the CVM and the SEC in connection with corruption allegations, which could cause disruption in Petrobras's activities (see "—Risks Relating to Brazil—The ongoing investigations regarding corruption in Brazil may adversely affect the growth of the Brazilian economy and could have a material adverse effect on our business."). Significant disruption to our fuel and lubricant sales may occur in the event of an interruption of supply from Petrobras. Any interruption would immediately affect our ability to provide fuel and lubricant products to our customers. If we are not able to obtain an adequate supply of fuel and base oil products from Petrobras under acceptable terms, we may seek to meet our demands through purchases on the international market. The cost of fuel and base oil products on the international market may be more expensive than the price we obtain through Petrobras.

The production of lubricants and the storage and transportation of fuel products and lubricant products are inherently hazardous.

The complex manufacturing operations we perform at our lubricants oil blending plant involve a variety of safety and other operating risks, including the handling, production, storage and transportation of toxic materials. These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. A material accident at one of our plants, service stations or storage facilities could force us to suspend our operations and result in significant remediation costs and lost revenue. In addition, insurance proceeds, if available, may not be received on a timely basis and may be insufficient to cover all losses, including lost profit. Equipment breakdowns, natural disasters, and delays in obtaining supplies or required replacement parts or equipment could also materially adversely affect our manufacturing operations and consequently our results of operations.

We may not be able to maintain rights to use blending formulas and brands supplied by ExxonMobil.

We, through our subsidiary CCE (formerly CCL), are the manufacturer and exclusive distributor of lubricants in Brazil based on formulas that have been provided under the terms of the Principal Lubricants Agreement that we have entered into with ExxonMobil, which will expire on December 1, 2018. We also received a license to use the ExxonMobil brand to market fuel in accordance with our Trademark Licensing Agreement with ExxonMobil, which expires on December 1, 2018. The termination or failure to renew these agreements, or the failure by ExxonMobil to adequately maintain and protect its intellectual property rights, could materially and adversely affect our results of operations or could require significant unplanned investments by us if we are forced to develop or acquire alternative technology. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of our products or relating to current or future technologies to enhance our product offerings. However, we may not be able to obtain licensing rights to the needed technology or components on commercially reasonable terms or at all.

The expansion of our business through acquisitions and strategic alliances creates risks that may reduce the benefits we anticipate from these transactions.

We have grown substantially through acquisitions. We plan to continue to expand by acquiring or investing, directly or indirectly, from time to time, in businesses considered suitable by our management that are consistent with our values and that are expected to generate positive returns. We may also enter into strategic alliances to increase our competitiveness. However, our management is unable to predict whether or when any prospective acquisitions or strategic alliances will occur, or the likelihood of any particular transaction being completed on favorable terms and conditions. Our ability to continue to expand our business through acquisitions or alliances depends on many factors, including our ability to identify acquisitions or access capital markets on acceptable terms. Even if we are able to identify acquisition targets and obtain the necessary financing to make these acquisitions, we could financially overextend ourselves.

Acquisitions, especially involving sizeable enterprises, may present financial, managerial and operational challenges, including diversion of management attention from existing business and difficulties in integrating operations and personnel. Any failure by us to integrate new businesses or manage any new alliances successfully could adversely affect our business and financial performance. Some of our major competitors may be pursuing growth through acquisitions and alliances, which may reduce the likelihood that we will be successful in completing acquisitions and alliances. In addition, any major acquisition we consider may be subject to antitrust and other regulatory approvals. We may not be successful in obtaining required approvals on a timely basis or at all.

Acquisitions also pose the risk that we may be exposed to successor liability relating to prior actions involving an acquired company, or contingent liabilities incurred before the acquisition. Due diligence conducted in connection with an acquisition, and any contractual guarantees or indemnities that we receive from sellers of acquired companies, may not be sufficient to protect us from, or compensate us for, actual liabilities. A material liability associated with an acquisition, such as labor- or environmental-related liabilities, could adversely affect our reputation and financial performance and reduce the benefits of the acquisition.

Our international operations expose us to political and economic risks in other countries.

We derive 4.3% of our revenues from exports. In particular, Cosan Lubrificantes distributes and sells Mobil brand products manufactured in Brazil and sold in Bolivia, Paraguay and Uruguay, and, in July 2012, we acquired Comma, which produces and distributes lubricants throughout Europe and Asia. In addition, Cosan Lubrificantes has recently started a new distribution operation under the Mobil brand, in Spain, aligned with its strategy to leverage the ExxonMobil partnership and expand abroad. Our international activities expose us to risks not faced by companies that operate solely in Brazil. Risks associated with our international operations include: (1) foreign exchange controls; (2) changes in the political or economic conditions in a specific country or region, especially in emerging markets; (3) potentially negative consequences resulting from changes to regulatory requirements; (4) difficulties and costs associated with our observance of different laws, treaties and complex international regulations; (5) tax rates that may exceed those applicable in Brazil and other countries or gains that may be subject to withholding regimes and an increase in repatriation taxes; (6) imposition of trade barriers; and (7) limitations on the repatriation of undistributed profits.

The realization of any of these risks may materially adversely affect our business, results of operations or financial condition.

We are subject to extensive environmental regulation.

Our business activities in Brazil are subject to extensive laws and regulations concerning environmental protection, which impose on us various environmental obligations, such as environmental licensing requirements, standards for the release of effluents, management of solid waste, protection of certain areas (including Legal Reserve, indigenous areas, *quilombolas* community areas, conservation units, archeological sites and permanent preservation areas), and the need for special authorizations for the use of water, among others.

The failure to comply with such laws and regulations (including failure to obtain or maintain the relevant environmental permits) may subject the violator to administrative fines, mandatory interruption of activities and criminal sanctions, in addition to the obligation to cure and pay environmental and third-party damage compensation, without any caps. In addition, Brazilian environmental law adopts a joint and several and strict liability system for environmental damages, which makes the polluter liable regardless of fault or intentional misconduct and would make us jointly and severally liable for the obligations of our producers or off-takers. If we become subject to environmental liabilities, any costs we may incur to rectify possible environmental damage would lead to a reduction in the financial resources which would otherwise remain at our disposal for current or future strategic investment, thus causing an adverse impact on us.

As environmental laws and their enforcement become increasingly stringent, our expenses for complying with environmental requirements are likely to increase in the future. Furthermore, the possible implementation of new regulations, changes in existing regulations or the adoption of other measures could cause the amount and frequency of our expenditures on environmental preservation to vary significantly compared to present estimates or historical costs. Any unplanned future expenses could force us to reduce or forego strategic investments and as a result could materially and adversely affect us.

We incur substantial costs to comply with environmental regulations and may be exposed to liabilities in the event we fail to comply with these regulations or as a result of our handling of hazardous materials.

We are subject to various Brazilian federal, state and municipal environmental protection and health and safety laws and regulations governing, among other matters:

- the issuance and renewal of valid environmental licenses and authorizations;
- the use of water;
- the generation, storage, handling, use and transportation of hazardous materials;
- sugarcane burning;
- wildlife preservation;

- the protection of cultural and historic sites;
- the emission and discharge of hazardous materials into the ground, air or water; and
- the health and safety of our employees.

We are also required to obtain environmental permits and/or authorizations (such as installation and operation permits as well as permits for the removal of vegetation) from governmental authorities for certain aspects of our operations. Failure to obtain environmental permits or comply with the conditions under which such permits are issued could subject us to criminal, administrative and/or civil liabilities. These laws, regulations and permits often require us to purchase and install expensive pollution control equipment or to make operational changes to limit actual or potential impacts on the environment and/or health of our employees. In addition, Brazilian environmental laws establish restrictions to obtain financing from public entities in case of breach of certain environmental protection obligations. Currently, we do not anticipate any material claims or liabilities resulting from a failure to comply with these laws and regulations, including renewal of environmental licenses. However, any violations of these laws and regulations or permit conditions can result in substantial fines, criminal sanctions, and revocations of operating permits and/or shutdowns of our facilities.

Due to the possibility of changes to environmental regulations and other unanticipated developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. Under Brazilian environmental laws, we could be held strictly liable for all of the costs relating to any contamination at our or our predecessors' current and former facilities and at third-party waste disposal sites used by us or any of our predecessors. We could also be held responsible for any and all consequences arising out of human exposure to hazardous substances, such as pesticides, herbicides, soil or groundwater contamination or other kinds of environmental damage.

We are party to a number of administrative and judicial proceedings for alleged failures to comply with environmental laws (especially relating to contaminated areas and environmental damages caused by sugarcane burning), which may result in fines, shutdowns, or other adverse effects on our operations. Actions that give rise to administrative proceedings may also lead to civil or criminal claims against us. We have not recorded any relevant provisions or reserves for these proceedings as we do not currently believe that they will result in liabilities material to our business or financial performance. Our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances could adversely affect our business or financial performance.

We may be held liable for environmental damage caused to communities located in proximity of our concession areas.

The Brazilian Federal Constitution of 1988 (Article 225, § 3rd) sets out three tiers of environmental liability: administrative, criminal, and civil. We may be held liable for damages caused to communities located in proximity to the concession areas whenever environmental damage occurs. In addition, especially as a result of the moving of hazardous materials by us, we may be held liable for the health and safety of our employees if we do not comply with work safety and environmental rules.

We are exposed to credit and other counterparty risks of our customers in the ordinary course of our business.

We have various credit terms with virtually all of our wholesale and retail industrial customers, and our customers have varying degrees of creditworthiness which exposes us to the risk of nonpayment or other default under our contracts and other arrangements with them. In the event that a significant number of material customers default on their payment obligations to us, our financial condition, results of operations or cash flows, could be materially and adversely affected.

Our business would be materially adversely affected if operations at our transportation and distribution facilities experienced significant interruptions. Our business would also be materially adversely affected if the operations of our customers and suppliers experienced significant interruptions.

The distribution of natural gas is by its nature subject to inherent risks, including interruptions or disturbances in the natural gas distribution system which may be caused by accidents or *force majeure* events. Our operations are dependent upon the uninterrupted operation of our terminal and storage facilities and various means of

transportation and distribution facilities. We are also dependent upon the uninterrupted operation of certain facilities owned or operated by our suppliers and customers. Operations at our facilities and at the facilities owned or operated by our suppliers and customers could be partially or completely shut down, temporarily or permanently, as the result of any number of circumstances that are not within our control, such as:

- catastrophic events, including hurricanes and floods;
- environmental matters (including environmental licensing processes or environmental incidents, contamination, wildlife preservation obligations and others);
- labor difficulties (including work stoppages, strikes and other events); and
- disruptions in the supply of our products to our facilities or means of transportation.

Any significant interruption at these facilities or inability to transport products to or from these facilities or to or from our customers for any reason could subject us to liability in judicial, administrative or other proceedings, even for disruptions caused by events outside of our control. If we are held liable for such events, results of operations and cash flow would be materially adversely affected.

In addition, the majority of our supply of natural gas originates from Bolivia pursuant to our agreement with Petrobras. Any changes in the political or economic conditions of Bolivia to the extent that they impact the ability of Petrobras to supply us with natural gas, may have a material adverse effect on us. In particular, our natural gas supply agreement with Petrobras that is sourced out of Bolivia comes due in 2019 and we cannot assure you that it will be renewed. In particular, Petrobras has recently announced its intention to cease distributing natural gas to distributors in order to focus on supplying its own refineries and thermal plants and therefore not renew our natural gas supply agreement in 2019. There can be no assurance that we will be able to identify new suppliers for the natural gas we receive through Petrobras or negotiate natural gas supply agreements with any such suppliers on favorable terms, which could materially and adversely affect us, our financial condition and results of operations.

Disruption of transportation and logistics services or insufficient investment in public infrastructure could materially adversely affect our operating results.

One of the principal disadvantages of the Brazilian agriculture sector is that key growing regions lie far from major ports. As a result, efficient access to transportation infrastructure and ports is critical to the growth of Brazilian agriculture as a whole and of our operations in particular. As part of our business strategy, we are investing in areas where existing transportation infrastructure is underdeveloped. Improvements in transportation infrastructure are likely to be required to make more agricultural production accessible to export terminals at competitive prices. A substantial portion of Brazilian agricultural production is currently transported by truck, a means of transportation significantly more expensive than the rail transportation available to U.S. and other international producers. Our dependence on truck transport may affect our position as a low-cost producer, such that our ability to compete in world markets may be impaired.

Even though road and rail improvement projects have been considered for some areas of Brazil, and in some cases implemented, substantial investments are required for road and rail improvement projects, which may not be completed on a timely basis – if at all. Any delay or failure in developing infrastructure systems could hurt the demand for our products, impede our delivery of products or impose additional costs on us. We currently outsource the transportation and logistics services necessary to operate our business. Any disruption in these services could result in supply problems at our processing plants and impair our ability to deliver processed products to our customers in a timely manner. In addition, a natural disaster or other catastrophic event could result in disruption in regional transportation infrastructure systems affecting our third-party transportation providers.

We depend on third parties to provide our customers and us with facilities and services that are integral to our business.

We have entered into agreements with third-party contractors to provide facilities and services required for our operations, including storage facilities and transportation services for our ethanol and sugar operations. The loss or expiration of our agreements with third-party contractors or our inability to renew these agreements or to negotiate new agreements with other providers at comparable rates could harm our business and financial performance. Our reliance on third parties to provide essential services on our behalf also gives us less control over the costs,

efficiency, timeliness and quality of those services. Contractors' negligence could compromise the safety of the transportation of ethanol from our production facilities to our export facilities and expose us to the risk of liability for environmental damage caused by such third parties. We expect to be dependent on such agreements for the foreseeable future, and if we enter any new market segments, we will need to have similar agreements in place. Also, pursuant to Brazilian law, if labor authorities deem that such third party contractors are performing activities considered to be part of our core business, we may be exposed to fines, prohibition on the outsourcing of such activities and labor liabilities in connection with the outsourced workforce.

We may be adversely affected by unfavorable outcomes in pending legal proceedings.

Both Cosan and Comgás are involved in a significant number of tax, civil and labor proceedings in respect of which, at March 31, 2016, Cosan recorded a provision totaling R$722.1 million for estimated probable losses and had net of judicial deposits or restricted bank accounts totaling R$417.1 million, and Comgás recorded a provision totaling R$77.1 million for estimated probable losses and had net of judicial deposits or restricted bank accounts totaling R$44.2 million. See "Business—Legal and Administrative Proceedings" and "Business—Comgás—Legal and Administrative Proceedings."

In addition, unfavorable decisions in criminal proceedings involving members of our management may have a material adverse effect on us. Certain members of our management have been named as defendants in criminal proceedings (1) in their capacity as officers of the predecessor entity of Raízen Energia for alleged artificial price fixing of fuel and the formation of a cartel with the purpose of establishing control over the regional market and (2) in their capacity as officers of Raízen Energia and Cosan for alleged tax evasion carried out by these entities. In the event of a final non-appealable conviction, one or more of these officers may be barred from holding executive positions within our Company, and depending on the development of the proceedings, our reputation in the opinion of our clients, suppliers and investors may be materially adversely affected. For additional information regarding these and other proceedings involving members of our management, please see "Management—Legal Proceedings—Criminal Proceedings Involving Members of Our and Comgás's Management."

Raízen Combustíveis is currently the subject of a criminal investigation, which commenced with an administrative proceeding before CADE in 2009 against certain resellers and distributors. The proceeding is related to the alleged artificial price fixing of fuel and the formation of a cartel among fuel distributors and resellers in the Brazilian Federal District in order to establish regional market control. In 2010 the Brazilian antitrust authority (CADE) issued an opinion that alleged the existence of cartels within the sector. In November 2015, the Brazilian federal police executed search and seizure warrants against certain resellers and fuel distributors, including Raízen Combustíveis at its distribution terminal in Brasilia. Raízen Combustíveis is cooperating with Brazilian authorities in connection with the investigation, which is currently ongoing. As of the date of this offering memorandum, no individual (including gas station owners) indicted in connection with the investigation has any relationship or affiliation with Raízen Combustíveis. In the event formal criminal proceedings are instituted Raízen Combustíveis or any of its employees determined to have been involved in the misconduct may be subject to penalties, including fines or imprisonment.

In addition, Raízen Combustíveis is currently the subject of a criminal investigation conducted by the office of the public prosecutor in Brasilia, commenced on March 28, 2014, resulting from an anonymous complaint alleging fraud committed during the public bidding process won by Raizen Combustíveis for an aircraft supply concession at the Salgado Filho Airport in the city of Porto Alegre. To date, Raízen Combustíveis has provided documentation and information in support of it defense to the public prosecutor, who is waiting for further clarification from the Brazilian air transportation authority, INFRAERO, in order to determine whether the investigation will be suspended or a formal accusation filed in order to initiate legal proceedings. In the event formal criminal and/or civil charges are filed, Raízen Combustíveis and individual penalties in relation to employees determined to have been involved in the misconduct may be subject to penalties, including a prohibition on entering into contracts with Brazilian governmental authorities or imprisonment.

We cannot predict whether we will prevail in these or other proceedings, or whether we will have to pay significant amounts, including penalties and interest, as payment for our liabilities, which would materially and adversely impact our business, results of operations and financial condition. If we are the subject of an unfavorable outcome in any of these legal proceedings, the amount of such unfavorable decisions will have a material adverse effect on our financial position and operating results.

Our inability to post judicial collateral or provide guarantees in pending legal or administrative proceedings could have a material adverse effect on our business, financial condition and results of operations.

Additionally, we may not have sufficient funds to post collateral or provide guarantees in judicial or administrative proceedings involving substantial amounts. Even if we do not post such collateral or provide guarantees, we will be liable for paying any amounts due pursuant to any unfavorable outcomes in legal proceedings. We cannot assure you that, if we cannot make such payments, our assets, including financial assets, will not be attached, or that we will be able to obtain tax good standing certificates, all of which may have a material adverse effect on our business, financial condition and results of operations.

Technological advances could affect demand for our products or require substantial capital expenditures for us to remain competitive.

The development and implementation of new technologies may result in a significant reduction in the costs of ethanol production. We cannot predict when new technologies may become available, the rate of acceptance of new technologies by our competitors or the costs associated with such new technologies. Advances in the development of alternatives to ethanol also could significantly reduce demand or eliminate the need for ethanol as a fuel oxygenate. Any advances in technology which require significant capital expenditures to remain competitive or which otherwise reduce demand for ethanol will have a material adverse effect on our business and financial performance.

We may not be able to obtain or renew all licenses and permits required for our business.

We are currently in the process of obtaining or renewing, as the case may be, certain licenses and permits (including real estate licenses and permits) required for the continuity of our activities. Our business, financial condition and results of operations may be materially and adversely affected if we are unable to obtain or renew all licenses and permits (including real estate licenses and permits) required for our business and operations.

We operate in industry sectors that require significant financial resources that will require access to the capital markets and bank financing in significant volumes to meet our investment objectives.

We obtain funds for our activities through loans from financial institutions, domestic and foreign lenders, and through access to the capital markets. Our ability to obtain funding to finance our growth or operate our business depends on several factors, including our level of indebtedness and market conditions. Global market and economic conditions have been, and continue to be, disruptive and volatile. The debt capital markets have been impacted by significant write-offs in the financial services sector and the re-pricing of credit risk, sovereign defaults, political and economic developments in and affecting Brazil such as the "*Lava Jato*" scandal (see "—Risks Relating to Brazil—The ongoing investigations regarding corruption in Brazil may adversely affect the growth of the Brazilian economy and could have a material adverse effect on our business."), among other things. These events have negatively affected general economic conditions. In particular, the cost of raising money in the debt capital markets has increased substantially while the availability of funds from those markets for Brazilian companies has diminished significantly. Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders and institutional investors have increased interest rates, enacted tighter lending standards and reduced and, in some cases, ceased to provide funding to borrowers on commercially reasonable terms or at all. Our failure to obtain the necessary resources on reasonable terms may adversely affect our investment strategy. If we decide to increase our debt levels, we may be subject to risks, including our inability to pay outstanding debt, which may adversely affect our financial condition.

In addition, in connection with any new indebtedness we incur, we may be required to meet certain covenants in our financing arrangements, such as maintaining financial ratios, and may be subject to restrictions on our ability to incur new debt or make new investments. A breach of these covenants may result in a mandatory prepayment or acceleration of the maturity of our outstanding debt. In the event of a prepayment or acceleration, our assets and cash flow might not be sufficient to pay the full amount due, which would materially adversely affect our financial condition.

The modification, suspension, cancellation or non-renewal of certain tax benefits which we have been granted could have a material adverse effect on us.

We benefit from certain tax incentives, benefit programs and special regimes, such as:

- State of Goiás: (a) Tax benefit "Protege" that accrues at the tax rate of 2% levied on transactions with gas. This benefit permits an increase in the income of the Social Fund of the State of Goiás. The taxpayer is able to credit the respective amount through its accounting to permit the offset with further debts of ICMS considering the rate as a reduction in the taxable basis of the gas acquired in the state of Goiás; (b) Tax Benefit "Protege II", which permits a reduction in the taxable basis of 5% on all the basic transactions linked to ICMS in the state of Goiás. Unlike the 2% reduction which is only applied to gas, the 5% rate applies to all other supplies; and (c) Tax incentive "Produzir" that grants a reduction of ICMS payable of 63%.

- State of Mato Grosso do Sul: (a) ICMS – Presumed Tax Credit –the state of Mato Grosso do Sul implemented a reduction of 15.93% of the taxable basis of ICMS on ethanol transactions within the state; (b) Tax incentive that grants 67% of the outstanding balance of ICMS on sugar transactions to be deducted from the outstanding balance of the tax; (c) Other ICMS presumed tax credits granted on sugar and ethanol transactions.

- The states of Maranhão and Minas Gerais granted a reduction of calculation basis of ICMS on sales.

- State of São Paulo: (a) Suspension of ICMS levied on the importation of fixed assets and deferral on the acquisition of fixed assets; and (b) suspension of ICMS on gas transport.

- Federal tax incentive: Suspension of PIS and COFINS levied on the importation of goods and of IPI on the sales and importation of inputs and raw materials.

We cannot assure you that these tax benefits will be maintained or renewed or that we will be able to obtain new tax benefits. If we lose our existing tax benefits, due to our noncompliance with future requirements or if the current tax programs and agreements from which we benefit are modified, suspended, cancelled or not renewed, we could be materially and adversely affected. Moreover, the state tax benefits relating to ICMS from which we benefit may be declared unconstitutional by the Brazilian Supreme Court if they have been granted without the approval of all the States and Federal District through the Brazilian National Council of Fiscal Policy ("*Conselho Nacional de Política Fazendária* - CONFAZ"). The Brazilian Supreme Court may grant retroactive or prospective effects to the declaration of unconstitutionality. The foregoing could result in a material adverse effect on us.

Our insurance coverage may be inadequate to cover all losses and/or liabilities that may be incurred in our operations.

Our operations are subject to a number of hazards and risks. We maintain insurance at levels that are customary in our industry to protect against these liabilities; however, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations.

For example, we do not maintain coverage for business interruptions of any nature for our Brazilian operations, including business interruptions caused by labor disruptions. If, for instance, our workers were to strike, the resulting work stoppages could have a material and adverse effect on us. Similarly, we do not insure most of our assets against war or sabotage. Therefore, an attack or an operational incident causing an interruption of our business could have a material and adverse effect on our financial condition or results of operations.

Moreover, we will be subject to the risk that we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a materially adverse effect on our business, financial condition and results of operations.

We may be unable to implement our growth strategy successfully.

Our future growth and financial performance will depend, in part, on the successful implementation of our business strategy, including: (a) our ability to attract new clients or increase volume from existing clients in specific markets and locations, (b) our capacity to finance investments (through indebtedness or otherwise) and (c) our ability to increase our operational capacity and expand our current capacity to supply to new markets. We cannot

assure you that we will be able to achieve these objectives successfully or at all. Our failure to achieve any of these objectives as a result of competitive difficulties, cost or restrictions on our ability to invest may limit our ability to implement our growth strategy successfully. We may need to incur additional indebtedness in order to finance new investments to implement our growth strategy. Unfavorable economic conditions in Brazil and in the global credit markets, such as high interest rates on new loans, reduced liquidity or reduced interest of financial institutions in granting loans, may limit our access to new credit. Furthermore, failure to achieve our expected growth may have a material adverse effect on our business, financial conditions, results of operations and our ability to repay our debt obligations.

Any failure relating to our strategic partnerships may result in additional financial or performance obligations by us, which would reduce our profitability.

We enter into strategic partnerships, joint ventures, combinations, alliances and collaborations, including, among other things, partnerships with our customers. The success of these and other partnerships depends, in part, on the satisfactory performance of our and our partners' obligations.

If we or our partners do not satisfactorily perform such obligations, our strategic partnerships may fail to perform as expected or to deliver the agreed services. Should this occur, we may be required to make additional investments and provide additional services to guarantee the adequate performance and delivery of the agreed services, or terminate such partnerships prior to their stated maturity. The performance by us of additional obligations with respect to our strategic partnerships may result in the reduction of our profits and material losses to us.

Likewise, the failure of our strategic partners to fulfill their obligations under our partnership agreements may materially adversely affect such partnerships. In addition, the failure to reach an agreement as to certain matters may result in deadlock pursuant to certain of the shareholders' and other agreements governing our strategic partnerships. See "Principal Shareholders—Shareholders' Agreements and Other Arrangements."

Strategic partnerships are essential to the continuity of our operations and our growth. If we fail to maintain our existing partnerships or identify new partnerships, our business, financial condition and results of operations may be materially and adversely affected.

The shareholders' and certain other definitive agreements with respect to the Joint Venture, Comgás and Radar are subject to various put and call options and termination provisions.

Shell and Cosan have entered into certain definitive agreements with respect to the Joint Venture that are subject to various put and call options and termination provisions that if triggered would cause the Joint Venture, or our participation in it, to terminate prior to the scheduled expiration date of the agreements in June 2031. Under the shareholders' agreements Cosan and Shell have granted each other reciprocal call options. On the tenth anniversary of the June 2011 closing, Shell will have a call option to buy half or all of Cosan's equity interests in the Joint Venture. Cosan will have the right to elect whether it would sell half or all of its equity interests in the Joint Venture to Shell after the exercise of Shell's option in that year. On the fifteenth anniversary of the June 2011 closing, one party will have the right to buy all or a portion of the other party's equity stake in the Joint Venture. There are also call and put options in certain other limited circumstances, including in the event of a fundamental breach by either party and in the event of the death or disability of Cosan's Chairman. See "Principal Shareholders—Shareholders' Agreements and Other Arrangements—Agreements Between Shell and Cosan."

We granted a put option in respect of Comgás shares to Shell Gas B.V., Integral Investments B.V. ("Shell B.V.") - a shareholder in Comgás - exercisable in three annual tranches, beginning on September 20, 2015, with the last one maturing on October 19, 2017. If exercised, Cosan Limited will receive all the shares of Comgás held directly and indirectly and deliver to Shell B.V. 30,917,231 shares issued by Cosan and held by Cosan Limited. As of the date of this offering memorandum, this option has not been exercised.

Moreover, Radar's shareholders' agreement sets forth mutual put options between us and Mansilla Participações S.A. to acquire up to all of Radar's properties or each other's shares upon notice during specific 5-day periods, the first on the tenth anniversary of the initial closing date of the subscription agreement between the parties and each subsequent 18-month period after the first put date.

If any of these or other similar provisions are triggered under the shareholders' agreements or any of the other related agreements our partnerships, or certain rights we hold in connection therewith, could terminate prior to the scheduled expiration, which could adversely affect our results of operations.

We are highly dependent on our chairman and other members of our management to develop and implement our strategy and to oversee our operations.

We and Comgás are dependent upon the chairman of Cosan and Comgás, other members of senior management and certain members of our boards of directors, especially with respect to business planning, strategy and operations. If any of these key members of our management leaves Comgás or Cosan, our business and financial performance may be negatively affected. We currently do not carry any key man insurance.

We are indirectly controlled by a single individual who has the power to control us.

The controlling shareholder and chairman of Cosan, who is also the controlling shareholder and chairman of Comgás, has the power to indirectly control us, including the power to:

- elect a majority of our directors and appoint our executive officers, set our management policies and exercise overall control over Cosan, Comgás, and Cosan's other subsidiaries;
- agree to sell or otherwise transfer his controlling stake in Cosan and Comgás; and
- determine the outcome of substantially all actions requiring shareholder approval, including transactions with related parties, corporate reorganizations, acquisitions and dispositions of assets, and dividends.

Currently, because of the share capital structure of Cosan Limited, Cosan and Comgás's parent company, the controlling shareholder is able to control substantially all matters submitted to its shareholders for a vote or approval even if the controlling shareholder comes to own less than 50% of our issued and outstanding share capital. The concentrated control will limit your ability to influence corporate matters and, as a result, Cosan and Comgás may take actions that their shareholders do not view as beneficial. Moreover, Cosan's and Comgás's controlling shareholder may make decisions that are contrary the interests of their other shareholders and the noteholders, and diverge from those minority shareholders and the noteholders. These may include actions to conduct acquisitions, divest assets, engage in new business partnerships, and engage in new financings or similar operations. As a result, the market price of our notes could be adversely affected. In addition, with respect to Comgás, Shell has certain veto rights over actions that may be taken by Comgás's current controlling shareholder, which may not align with the interests of shareholders or noteholders. For further information, see "Principal Shareholders— Shareholders' Agreements and Other Arrangements—Cosan and Comgás Shareholders' Agreement."

Raw material and supply service costs are subject to wide fluctuations that could have a material adverse effect on our results of operations.

Raw materials used in our business and the cost of services we contract for distribution of natural gas are subject to wide fluctuations depending on market conditions. These prices are influenced by several factors over which we have little or no control, including, but not limited to international and national economic conditions, regulations, government policies, tariff adjustments and global effects of supply and demand. We cannot ensure that our tariff adjustment will be conducted in a timely manner or be sufficient to reflect and/or offset increases in inflation, operation costs and expenses, amortization of investments and taxes. As a result, we might not be able to pass on the increase in our cost structure to our customers, which could decrease our profit margin and result in a material adverse effect on our business, financial condition and results of operations.

Lack of service providers for our expansion projects could adversely affect our business.

We are engaged in a number of expansion projects within our concession area that will require a significant number of service providers, which may not be available. Consequently, if we are unable to contract the necessary services due to service industry shortages or a lack of providers with the technical ability to provide the services we require, this could have an adverse on our expansion projects or lead to delays in the execution of our expansion projects as new service providers go through an approval process and develop the technical qualification to commence operations. Any delay or failure to commence or continue our expansion projects within our projected timeframe or budget could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Brazil

Historically, the Brazilian government has influenced and continues to influence the economy in the country, which may negatively affect our business and financial performance.

Political and economic conditions directly affect our business and can result in a material adverse effect on our operations and financial condition. Macroeconomic policies imposed by the government can have significant impacts on Brazilian companies, including Cosan and Comgás, as well as market conditions and securities prices in Brazil.

The Brazilian economy has been characterized by frequent and occasionally extensive intervention by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Brazil's economy. The Brazilian government's actions to control inflation have at times involved setting wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports into Brazil. For example, on October 26, 2014, President Dilma Rousseff was re-elected following a tightly contested presidential election campaign. President Dilma Rousseff's second term has been characterized by significant discontent among certain segments of the Brazilian population as evidenced by widespread protests. Such discontent is attributable to developments such as the worsening Brazilian economic scenario (including an increase in inflation and fuel prices as well as rising unemployment), the perception of widespread corruption (including accusations relating to the widely reported Petrobras corruption scandal) and water shortages in certain areas of Brazil as well as the potential for severe water and electricity rationing following a decrease in rainfall and water reservoir levels throughout Brazil. President Dilma Rousseff's administration has sought to enact measures to counteract these developments, including tax increases and cost-cutting measures, certain of which have been opposed by members of the principal opposition party and President Dilma Rousseff's own ruling party, among other political parties. Moreover, President Dilma Rousseff is currently subject to impeachment proceedings. On May 12, 2016, the Brazilian Senate voted to begin its review of the impeachment proceedings against President Dilma Rousseff. President Dilma Rousseff has been suspended from office pending the outcome of the Brazilian Senate's review, which must be completed within 180 days. Vice-President Michel Temer has assumed office as interim President of Brazil until the Brazilian Senate's review is completed. We have no control over, and cannot predict, what policies or actions the Brazilian government may take in the future.

Our business, financial performance and prospects, as well as the market prices of our notes, may be adversely affected by, among others, the following factors:

- inflation;
- exchange rate movements;
- exchange rate control policies;
- interest rate fluctuations;
- liquidity available in the domestic capital, credit and financial markets;
- expansion or contraction of the Brazilian economy, as measured by rates of growth in GDP;
- oil and gas sector regulations, including price policies;
- ports, customs and tax authorities' strikes;
- changes in transportation market regulations;
- price increases of oil and other inputs;
- price instability;
- social and political instability;
- fiscal policies; and
- other economic, political, diplomatic and social developments in or affecting Brazil.

These factors, as well as uncertainty as to whether the Brazilian government will apply changes in its policy or regulations that may affect any of the above mentioned factors or other factors in the future, can lead to economic uncertainty and increase the volatility of the capital markets and the securities issued by Brazilian companies. Changes in such policies and regulations may have a negative impact on our operating results and financial position and the price of the notes.

The levels of economic activity, reflected in Brazilian GDP, can influence our distributed volumes. The growth rates in natural gas consumption may occur primarily by substituting other resources, notably fuel oil, gasoline and to a lesser extent other products derived from oil, depending on the prices of each kind of fuel.

We, our subsidiaries and jointly controlled entities generally invoice our sales in *reais*, but a substantial portion of our, our subsidiaries' and jointly controlled entities' net sales is from export sales that are billed in U.S. dollars. At the same time, the majority of our, our subsidiaries' and jointly controlled entities' costs are denominated in *reais*. As a result, our operating margins are negatively affected when there is an appreciation of the *real* to the U.S. dollar. Additionally, we have indebtedness with fixed and floating rates, and we are thus exposed to the risk of fluctuations in interest rates. If there is an increase in interest rates, our financial results may be affected.

The ongoing economic and political crisis in Brazil may have a material adverse effect on our business, operations and financial condition.

The recent economic instability in Brazil caused by the rise of inflation, a slowdown in GDP growth, and uncertainty as to whether the Brazilian government will enact the necessary economic reforms in 2016 to improve Brazil's deteriorating fiscal accounts and economy have led to a decline in market confidence in the Brazilian economy and a government crisis.

Furthermore, President Dilma Rousseff was re-elected following a tightly contested presidential election campaign. President Dilma Rousseff's second term has been characterized by significant discontent among certain segments of the Brazilian population as evidenced by widespread protests. Such discontent is attributable to developments such as the worsening Brazilian economic scenario (including an increase in inflation and fuel prices as well as rising unemployment), the perception of widespread corruption (including accusations relating to the widely reported Petrobras corruption scandal) and water shortages in certain areas of Brazil as well as the potential for severe water and electricity rationing following a decrease in rainfall and water reservoir levels throughout Brazil. President Dilma Rousseff's administration has sought to enact measures to counteract these developments, including tax increases and cost-cutting measures, certain of which have been opposed by members of the principal opposition party and President Dilma Rousseff's own ruling party, among other political parties. Moreover, President Dilma Rousseff is currently subject to impeachment proceedings. On May 12, 2016, the Brazilian Senate voted to begin its review of the impeachment proceedings against President Dilma Rousseff. President Dilma Rousseff has been suspended from office pending the outcome of the Brazilian Senate's review, which must be completed within 180 days. Vice-President Michel Temer has assumed office as interim President of Brazil until the Brazilian Senate's review is completed. We have no control over, and cannot predict, what policies or actions the Brazilian government may take in the future. The Brazilian government may be subject to internal pressure to change its current macroeconomic policies in order to achieve higher rates of economic growth. We cannot predict what policies will be adopted by the Brazilian government. Moreover, in the past, the Brazilian economy has been affected by the country's political events, which have also affected the confidence of investors and the public in general, thereby adversely affecting the performance of the Brazilian economy. Furthermore, any indecisiveness by the Brazilian government in implementing changes to certain policies or regulations may contribute to economic uncertainty in Brazil and heightened volatility for the Brazilian securities markets and securities issued abroad by Brazilian companies.

In addition, the Federal Court of Accounts (*Tribunal de Contas da União*) recently recommended not to approve Brazil's fiscal accounts for the fiscal year 2014. These recent events have contributed to an increase in the economic and political instability in Brazil.

We are not able to fully estimate the impact of global and Brazilian political and macroeconomic developments on our business. In addition, due to the current political instability, there exists substantial uncertainty regarding future economic policies and we cannot predict what policies will be adopted by the Brazilian government and whether these policies will negatively affect the economy or our business or financial performance. Recent economic and political instability has led to a negative perception of the Brazilian economy and higher volatility in

the Brazilian securities markets, which also may adversely affect us and our securities. Any continued economic instability and political uncertainty may materially adversely affect our business.

Inflation and government measures to curb inflation may adversely affect the Brazilian economy, the Brazilian securities market, our business and operations and the market prices of our notes.

Brazil has experienced extremely high rates of inflation in the past and has therefore implemented monetary policies that have resulted in one of the highest interest rates in the world. According to the IGP-M, a general price inflation index, the inflation rates in Brazil were, 5.1% in 2011, 7.8% in 2012, 5.5% in 2013, 3.7% in 2014 and 10.5% in 2015. In addition, according to the National Extended Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*), published by the IBGE, the Brazilian price inflation rates were 6.5% in 2011, 5.8% in 2012, 5.9% in 2013 and 6.4% in 2014. Despite the Brazilian Central Bank's repeated increases of interest rates during the period from 2013 to 2015, the Brazilian price inflation rate has continued to increase, reaching 10.7% in 2015 (the highest level recorded since November 2003), and reaching 9.4% for the twelve-month period ending April 2016.

The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting availability of credit and reducing economic growth. Inflation, actions to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets. The Brazilian government's measures to fight inflation, principally through the Central Bank, have had and may in the future have significant effects on the Brazilian economy and our business.

Brazil may experience high levels of inflation in future periods. Periods of higher inflation may slow the rate of growth of the Brazilian economy, which could lead to reduced demand for our products in Brazil and decreased net sales. Inflation is also likely to increase some of our costs and expenses, which we may not be able to pass on to our customers and, as a result, may reduce our profit margins and net income. In addition, high inflation generally leads to higher domestic interest rates, and, as a result, the costs of servicing any floating-rate *real*-denominated debt may increase, resulting in lower net income. Inflation and its effect on domestic interest rates can, in addition, lead to reduced liquidity in the domestic capital and lending markets, which could affect our ability to refinance our indebtedness in those markets. Future Brazilian governmental actions, including interest rate decreases, intervention in the foreign exchange market and actions to adjust or fix the value of the *real*, may trigger increases in inflation and adversely affect the performance of the Brazilian economy as a whole. Any of the aforementioned developments may adversely affect the Brazilian economy as a whole, as well as on our financial conditions, operations and profits. Any decline in our net sales or net income and any deterioration in our financial performance would also likely lead to a decline in the market price of our notes.

High interest rates may adversely affect our operations and financial condition.

The Brazilian government's measures to control inflation have frequently included maintaining a restrictive monetary policy with high interest rates, thereby limiting the availability of credit and reducing economic growth. As a consequence, official interest rates in Brazil at the end of 2015, 2014 and 2013 were 14.25%, 11.75% and 10.00% per year, respectively, as established by the monetary policy committee of the Central Bank (COPOM). Brazilian interest rates have remained high and any increase of such interest rates may negatively affect our profits and results of operations, thereby increasing the costs of financing our operations.

High interest rates may impact our cost of obtaining loans and also the cost of indebtedness, resulting in an increase in our financial expenses. This increase may adversely affect our ability to pay our financial obligations, as it reduces our cash availability. Mismatches between contracted indexes for assets versus liabilities and/or high volatilities in interest rates may result in financial losses for us.

Significant volatility in the value of the* real *in relation to the U.S. dollar could harm our ability to meet our U.S. dollar-denominated liabilities.

The Brazilian currency has during past decades experienced frequent and substantial variations in relation to the U.S. dollar and other foreign currencies. In the past, the Brazilian government has implemented various economic plans and exchange rate policies, including sudden devaluations and periodic mini-devaluations, during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. There have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies.

However, during 2015, due to the poor economic conditions in Brazil, including as a result of political instability, the *real* has devalued at a rate that is much higher than in previous years. On September 24, 2015, the *real* fell to the lowest level since the introduction of the currency, at R$4.195 per U.S.$1.00. Overall in 2015, the *real* depreciated 47%, reaching R$3.905 per U.S.$1.00 on December 31, 2015. In early 2016, the *real* appreciated against the U.S. dollar, primarily as a result of Brazil's changing political conditions whereby markets reacted favorably to the impeachment proceedings against President Dilma Rousseff and the increased likelihood of a change in the current governing regime. On June 8, 2016, the exchange rate was R$3.382 per U.S.$1.00. There can be no assurance that the *real* will not depreciate further against the U.S. dollar.

Because Cosan, its subsidiaries and jointly controlled entities generally invoices its sales in *reais*, devaluation of the *real* against foreign currencies may generate losses from our foreign currency-denominated liabilities as well as an increase in our funding costs with a negative impact on our ability to finance our operations through access to the international capital markets and on the market value of the notes. A strengthening of the *real* in relation to the U.S. dollar generally has the opposite effect. Further devaluations of the Brazilian currency may occur and impact our business in the future. These foreign exchange and monetary gains or losses can be substantial, which can significantly impact our earnings from one period to the next. In addition, depreciation of the *real* relative to the U.S. dollar could (1) result in additional inflationary pressures in Brazil by generally increasing the price of imported products and services and requiring recessionary government policies to curb demand and (2) weaken investor confidence in Brazil and reduce the market price of the notes. On the other hand, further appreciation of the *real* against the U.S. dollar may lead to a deterioration of the country's current account and the balance of payments and may dampen export-driven growth.

As described elsewhere in these risk factors, if and when the Comgás Spin-Off with Substitution is completed in accordance with the terms of the notes and the Indenture, Cosan would be released from its obligation as guarantor, and either Comgás Holding or Comgás may fully and unconditionally assume the guarantee. The terms of the Indenture provide that such potential guarantor replacement and substitution will be conditional upon the satisfaction of various requirements including, among others, as applicable, the requirement that immediately after giving effect to such transaction, the pro forma Net Debt to EBITDA Ratio of Comgás Holding does not exceed 3.5. The notes are denominated in U.S. dollars but our functional currency is the *real*. Therefore, any depreciation of the *real* against the U.S. dollar could increase our Net Debt to EBITDA Ratio and, if material, could adversely impact our ability to complete the Comgás Spin-Off with Substitution.

In addition, we are active in the credit market, obtaining funds denominated in national and foreign currencies to finance our investments and working capital. The foreign currency exposure of Cosan related to indebtedness as of December 31, 2015 was R$6,207.1 million compared to R$4,374.9 million at December 31, 2014, and the foreign currency exposure of Comgás related to indebtedness as of December 31, 2015 was R$1,340.1 million compared to R$1,158.0 million as of December 31, 2014. We manage a portion of our exchange rate risk through foreign currency derivative instruments, but our foregoing currency debt obligations are not completely hedged. As a result, the possible depreciation of the *real* against the U.S. dollar could increase the cost of our obligations in foreign currency, and therefore significantly affect our liquidity and our cash flows in the short term. The depreciation of the *real* may limit our access to international capital markets and may favor state intervention in the economy, including the imposition of potentially recessionary policies.

Infrastructure and workforce deficiency in Brazil may impact economic growth and have a material adverse effect on us.

Our performance depends on the overall health and growth of the Brazilian economy. Brazilian GDP growth has fluctuated over the past few years, with growth of 1.8% in 2012, improving to 2.7% in 2013 but decreasing to 0.1% in 2014 and then to a contraction of 3.8% in 2015. Continued growth is limited by inadequate infrastructure, including potential energy shortages and deficient transportation, logistics and telecommunication sectors, the lack of a qualified labor force, and the lack of private and public investments in these areas, which limit productivity as well as efficiency. Any of these factors could lead to labor market volatility and generally impact income, purchasing power and consumption levels, which could limit growth or result in contraction and ultimately have a material adverse effect on our business.

Developments and the perception of risk in other countries may adversely affect the Brazilian economy and market price of Brazilian issuers' securities.

The market value of securities of Brazilian issuers is affected by economic and market conditions in other countries, including the United States, European countries, as well as in other Latin American and emerging market countries. Although economic conditions in Europe and the United States may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of Brazilian issuers. Additionally, crises in other emerging market countries may diminish investor interest in securities of Brazilian issuers, including our securities. This could adversely affect the market price of our securities, restrict our access to capital markets and compromise our ability to finance our operations in the future on favorable terms, or at all.

In 2013, 2014 and 2015, there was an increase in volatility in all Brazilian markets due to, among other factors, uncertainties about how monetary policy adjustments in the United States would affect the international financial markets, the increasing risk aversion to emerging market countries, and the uncertainties regarding Brazilian macroeconomic and political conditions. These uncertainties adversely affected us and the market value of our securities.

In addition, we continue to be exposed to disruptions and volatility in the global financial markets because of their effects on the financial and economic environment, particularly in Brazil, such as a slowdown in the economy, an increase in the unemployment rate, a decrease in the purchasing power of consumers and the lack of credit availability.

Disruption or volatility in the global financial markets could further increase negative effects on the financial and economic environment in Brazil, which could have a material adverse effect on our business, results of operations and financial condition.

Future governmental policy and regulations may adversely affect our operations and profitability.

Our activities may be materially affected by policies and regulations from Brazilian and foreign federal, state and municipal government. Governmental policies affecting economic activity such as tariffs, taxes, subsidies and restrictions on the import and export of agricultural goods and commodities may influence the profitability of the industry as well as the volume and type of imports and exports.

Future Brazilian and foreign governmental policies may adversely affect the supply, demand and prices of our products and services or otherwise restrict our capacity to operate in our current or prospective markets, potentially affecting our financial performance.

Changes in tax laws may increase our tax burden and, as a result, adversely affect our profitability.

The Brazilian government regularly implements changes to tax regimes that may increase the tax burden on us, our subsidiaries and jointly controlled entities and its customers. These changes include modifications in the rate of assessments and, on occasion, enactment of new or temporary taxes, the proceeds of which are earmarked for designated governmental purposes.

In May 2014, Law 12,973, which converts into law the provisions provided for in Provisional Measure No. 627 of November 11, 2013, was enacted. Law 12,973 introduces changes to financial accounting rules, revokes a temporary tax regime which had been in force between 2008 and 2014, and regulates the transition between the then-applicable Brazilian accounting practices and international IFRS standards. Among other things, Law 12,973 makes certain changes to the accounting treatment of income tax, the tax basis of goodwill on acquisition of shareholdings, the fiscal treatment of mergers and acquisitions, present value adjustments in the investee, pre-operational expenses and leases.

Law 12,973 came into effect on January 1, 2014, for entities which have voluntarily adopted the measures early, and in January 1, 2015 for entities which have not opted for early compliance. We and our subsidiaries have not opted for early compliance with the provisions of Law 12,973, and, consequently, we and our subsidiaries have only been subject to the provisions of Law 12,973 since January 1, 2015.

We carried out a full analysis of the provisions of Law 12,973, and concluded that there is no material impact on our 2015 financial statements as a result of the application of such law.

The imposition of restrictions on acquisitions of agricultural properties by non-Brazilian nationals may materially restrict the development of our business.

In August 2010, the president of Brazil approved the opinion of the Attorney General of the Brazilian government ("Opinion AGU-LA-01/2010") in relation to Brazilian Law No. 5,709/71 which imposes limitations on the acquisition of rural land in Brazil by foreigners and by Brazilian companies, the majority share capital of which is held by a foreign company or foreign individual domiciled abroad ("Brazilian Companies Majority Held by Foreigners"). Brazilian Law No. 5,709/71 states that the sum of rural areas that may be owned by foreigners may not exceed 25% of the surface of the relevant municipality, of which area up to 40% may belong to foreigners or Brazilian Companies Majority Held by Foreigners of the same nationality, meaning that the sum of rural areas that belong to foreigners or Brazilian Companies Majority Held by Foreigners of the same nationality may not exceed 10% of the surface area of the relevant municipality. In accordance with the Opinion AGU-LA-01/2010, the above restrictions also applied to Brazilian companies controlled by foreigners who may also need to obtain congressional approval to lease and acquire rural properties in excess of 100 indefinite exploration modules (which are measurement units adopted within different Brazilian regions and range from approximately 12 to approximately 245 acres). In our view, Opinion AGU-LA-01/2010 should not subsist because the Brazilian constitution does not distinguish between Brazilian companies the majority share of capital of which is held by foreign legal entities or individuals domiciled abroad and Brazilian legal entities of which the majority share of capital is held by Brazilian citizens/entities. In addition, a bill of law regarding the acquisition of rural land by Brazilian Companies Majority Held by Foreigners is under review by the Brazilian congress. Bill n. 4059/2012 revokes Law 5,709/71 and establishes criteria for the acquisition and lease of rural land by foreigners, individuals or entities, excluding Brazilian companies from the restrictions, even those incorporated or controlled by foreigners, whether directly or indirectly. Nevertheless, until a final legal determination is made, there can be no assurance that any such acquisition or lease will not be successfully challenged. Any regulatory limitations and restrictions could materially limit our ability to acquire agricultural properties or increase the investments, any of which could materially and adversely affect us, our financial performance and our ability to successfully implement our business strategy.

The ongoing investigations regarding corruption in Brazil may adversely affect the growth of the Brazilian economy and could have a material adverse effect on our business.

Petrobras (Brazil's state-owned oil company and one of the country's largest companies and a supplier of the Company) and certain Brazilian companies active in the oil and gas, energy, construction and infrastructure sectors are facing investigations by the CVM, the SEC, the Brazilian Federal Police and the Brazilian Federal Prosecutor's Office, the Comptroller General of Brazil and other relevant governmental authorities, in connection with corruption allegations (the so called "*Lava Jato*" investigations). In addition, elected officials and other public officials in Brazil are also being investigated for allegations of unethical and illegal conduct identified during the new phase of the *Lava Jato* investigations, which began in July 2015.

Depending on the duration and outcome of such investigations, the companies involved may face a reduction in their revenues, downgrades from rating agencies or funding restrictions, among other negative effects. These investigations have had and may continue to have an adverse effect on Brazil's growth prospects in the near to medium term given the relatively significant weight in relation to the Brazilian economy of the companies cited in the investigation. Negative effects on a number of companies may also impact the level of investments in infrastructure in Brazil, which may lead to lower economic growth in the near to medium term.

The allegations under the "*Lava Jato*" investigations along with the economic downturn resulted in Brazil being downgraded to non-investment grade status by S&P in September 2015, by Fitch Ratings in December 2015, and by Moody's in February 2016, as well as in the downgrade of various major Brazilian companies. Such downgrades have further worsened the conditions of the Brazilian economy and the condition of Brazilian companies, especially those relying on foreign investments.

Persistently poor macroeconomic conditions in Brazil resulting from, among other things, the "*Lava Jato*" investigations and their consequences could have a material adverse effect on us.

If we do not successfully comply with laws and regulations designed to prevent governmental corruption in countries in which we sell our products, we could become subject to fines, penalties or other regulatory sanctions and our sales and profitability could suffer.

Although we have adopted anti-corruption policies and procedures which are designed to prevent compliance violations, there is a risk that our management, employees or representatives may take actions that violate applicable laws and regulations prohibiting the making of improper payments to government officials for the purpose of obtaining or keeping business or business advantages. Laws prohibiting such behavior include (but are not limited to) laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions such as the U.S. Foreign Corrupt Practices Act or the Brazilian Federal Law No. 12,846 of August 1, 2013 (Law 12,846/2013), which has been in effect since January 29, 2014. Any such violations may have a material adverse effect on our business.

Liability pursuant to Law 12,846/2013 holds companies strictly liable for wrongdoings of management, employees and third parties that act in the company's interest or for its benefit. The infractions covered by Law 12,846/2013 include a range of acts qualified as harmful to the government, including but not limited to: (i) bribery of government officials, directly or indirectly; (ii) financing or bearing the costs for illegal acts; (iii) using a front company or individual to hide or disguise the interests or identities of illegal acts; (iv) defrauding or manipulating public auctions and contracts; and (v) interfering with investigations or inspections by governmental authorities. Under Law 12,846/2013, companies found liable for bribery or other infractions could be obligated to make public any adverse determinations resulting from such infraction and be subjected to administrative fines of up to 20% of their gross annual income for the year prior to the initiation of the administrative enforcement proceedings, excluding taxes, or fines ranging from R$6 thousand to R$60 million, if gross annual income cannot be estimated. Among other sanctions, Law 12,846/2013 also provides for the confiscation of illegally obtained assets, the suspension or partial prohibition of business operations, the compulsory dissolution of the entity and/or the prohibition to receive incentives, subsidies, donations or financing from the government or from government-controlled entities for up to five years. The adoption of an effective compliance program may be taken into consideration by Brazilian authorities when applying a penalty under the Law 12,846/2013.

If we, our management, employees or third parties acting on our behalf become involved in any anti-corruption or criminal investigations or proceedings in connection to our business in Brazil or in any other jurisdiction, our business could be materially adversely affected, including but not limited to our sales, profitability and reputation.

Risks Relating to the Notes and the Guarantee

There is no assurance that the Comgás Spin-Off with Substitution will be concluded and the terms in which it will occur. If the Comgás Spin-Off with Substitution does not occur, Cosan Luxembourg will remain the Issuer and Cosan will remain the guarantor.

We may elect to enter into the Comgás Spin-Off with Substitution, pursuant to which we would be permitted to transfer or spin-off all of our equity interest in Comgás to (1) the shareholders of Cosan or (2) a new holding company, Comgás Holding. While the notes are outstanding, the Comgás Spin-Off with Substitution can only be completed pursuant to the terms of the notes and the Indenture. Upon completion of the Comgás Spin-Off with Substitution in accordance with the terms of the notes and the Indenture, either Comgás Holding or Comgás would assume the obligations of the guarantor and become the new guarantor. There will be certain conditions to close the transaction, including, among others, as applicable, the requirement that immediately after giving effect to such transaction, the pro forma Net Debt to EBITDA Ratio of Comgás Holding or Comgás, as the case may be, does not exceed 3.5. The final terms of the Comgás Spin-Off with Substitution have not been decided yet and we cannot assure you whether the Comgás Spin-Off with Substitution will occur or in which terms it will occur. If the Comgás Spin-Off with Substitution does not occur within 36 months of the issue date of the notes, Cosan Luxembourg will remain the Issuer and Cosan will remain the guarantor.

If any of the Comgás Spin-Off without Substitution, the Radar Spin-Off or the Cosan Lubrificantes Spin-Off occur, Cosan Luxembourg will remain the Issuer and Cosan will remain the guarantor, without the benefit of any cash flows from Comgás, Radar or Cosan Lubrificantes, as applicable, to help service the notes.

As an alternative to the Comgás Spin-Off with Substitution, the terms of the notes and the Indenture will permit Cosan to elect to spin-off all of its equity interest in Comgás to its shareholders in the Comgás Spin-Off without

Substitution, subject to Cosan's consolidated leverage ratio being less than 3.5 to 1.0 immediately after giving effect to the Comgás Spin-Off without Substitution. In addition, the Indenture governing the notes will permit Cosan to spin-off all of Cosan's equity interests in (1) Cosan Lubrificantes to Cosan's shareholders (subject to Cosan's consolidated leverage ratio being less than 3.5 to 1.0 immediately after giving effect such spin-off) and (2) Radar to Cosan's shareholders (without regard to Cosan's consolidated leverage ratio at the time).

If any of the Comgás Spin-Off without Substitution, the Radar Spin-Off or the Cosan Lubrificantes Spin-Off is consummated, Cosan Luxembourg will remain the Issuer and Cosan will remain the guarantor, and neither will benefit from any cash flows derived from, as applicable, Comgás's, Radar's or Cosan Lubrificantes's results of operations to make debt service payments on the notes. In addition, noteholders would no longer have recourse to Cosan's equity interests in Comgás, Radar or Cosan Lubrificantes, as applicable, nor to any related distributions or assets.

U.S. Holders of the notes may be required to recognize gain upon the occurrence of the Comgás Spin-Off with Substitution and, depending on the fair market value of the notes at such time, notes held by U.S. Holders may be treated for U.S. federal income tax purposes as issued with "original issue discount."

We may enter into the Comgás Spin-Off with Substitution, pursuant to which we would be released from our guarantee; either Comgás Holding or Comgás would assume our obligations as the new guarantor, Cosan Luxembourg S.A. would be released from its obligations under the notes and an entity currently expected to be called Comgás Luxembourg S.A. would assume Cosan Luxembourg S.A.'s obligations as the new issuer. As described below under "Taxation—Certain U.S. Federal Income Tax Consequences," the U.S. federal income tax consequences of these potential substitutions for a U.S. Holder (as defined therein) are uncertain, and depend on a variety of factors, including whether the notes are treated as debt of the Issuer (rather than debt of the guarantor) for U.S. federal income tax purposes and whether the Issuer will be treated as having transferred substantially all of its assets to Comgás Luxembourg S.A. in connection with the Substitution (which itself depends in part on the results of the Issuer's concurrent tender offer to purchase any and all of its 2018 Notes and 2023 Notes). Although the U.S. federal income tax consequences are uncertain, it would be prudent to assume that the Substitution will result in a deemed exchange of the notes for "new" notes that would require a U.S. Holder to recognize gain for U.S. federal income tax purposes. In addition, if the issue price of the "new" notes as of the date of the deemed exchange is less than their principal amount by more than a *de minimis* amount, a U.S. Holder could be required to include original issue discount with respect to the "new" notes in income as it accrues, regardless of the U.S. Holder's regular method of tax accounting, and prior to the time the related cash is actually received. The determination of whether a deemed exchange will occur is subject to a facts and circumstances test. Prospective holders should consult their own tax advisers regarding the potential tax consequences of the potential substitutions of the Issuer and the guarantor pursuant to the Comgás Spin-Off with Substitution described in this offering memorandum. See discussion below under "Taxation—Certain U.S. Federal Income Tax Consequences." No holder or beneficial owner of the notes will be indemnified for any taxes that may arise or may be imposed in any jurisdiction in connection with the Comgás Spin-Off with Substitution, except as provided in "Description of Notes—Payment of Additional Amounts."

If and when the Comgás Spin-Off with Substitution is completed in accordance with the terms of the notes and the Indenture, the existing guarantor of the notes, Cosan, may be replaced and substituted by either Comgás Holding or Comgás.

The notes will initially be guaranteed on a senior unsecured basis by Cosan. However, the Cosan guarantee may terminate if and when the Comgás Spin-Off with Substitution is completed in accordance with the terms and conditions of the notes and the Indenture. Accordingly, in making an investment decision with respect to the notes, you should separately analyze the business, financial condition, cash flow, performance and results of operations of each of Cosan and Comgás and should not place undue reliance on the business, financial condition, cash flows, performance and results of operations of either Cosan on a stand-alone basis or Comgás on a stand-alone basis. Should Comgás Holding substitute Cosan as the guarantor under the Notes, the proportion of Comgás's dividends available to make payments under the guarantee would be at least 50% (the minimum percentage of equity that the Indenture will require that Comgás Holding must retain in Comgás).

If the Comgás Spin-Off with Substitution does not occur on or prior to the date which is 36 months from the issue date of the notes, Cosan will remain guarantor of the notes.

Changes in our credit ratings may adversely affect the value of the notes.

The credit ratings of the notes reflect certain analysis conducted by credit rating agencies and do not address all material risks relating to an investment in the notes. The ratings assigned to the notes could be lowered, suspended or withdrawn entirely by the rating agencies if, in each rating agency's judgment, circumstances warrant such action. We cannot assure you that such credit ratings will remain in effect for any given period of time. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the notes. In addition, during the period that the Cosan guarantee is outstanding, any actual or anticipated changes or downgrades in our credit ratings, including any announcement that its ratings are under further review for a downgrade, could affect the market value of the notes.

Payments on the notes and the guarantee will be junior to the guarantor's secured debt obligations and effectively junior to debt obligations and minority interests of subsidiaries.

The notes and the guarantee will constitute the issuer's and the guarantor's senior unsecured obligations and will rank equal in right of payment with all of the issuer's and the guarantor's other existing and future senior unsecured indebtedness. If and when the Comgás Spin-Off with Substitution is completed in accordance with the terms and conditions of the notes and the Substitute Issuer substitutes the Issuer as issuer of the notes and Comgás Holding or Comgás substitutes Cosan as guarantor of the Notes, the notes and the guarantee will constitute the Substitute Issuer's and the substitute guarantor's senior unsecured obligations, respectively, and will rank equal in right of payment with all of the Substitute Issuer's and the substitute guarantor's other existing and future senior unsecured indebtedness.

Although the holders of the notes will have a direct, but unsecured claim on the Issuer's and the guarantor's assets and property, payment by the Issuer and the guarantor in respect of the notes will be subordinated to any of the Issuer's and the guarantor's secured debt to the extent of the assets and property securing such debt, respectively. Payment by the Issuer and the guarantor in respect of the notes will also be structurally subordinated to the payment of secured and unsecured debt and other creditors of the Issuer's and the guarantor's subsidiaries and jointly controlled companies. The ability of the Issuer and the guarantor to meet their respective debt service obligations, including in respect of the notes, will be substantially dependent on the Issuer's and the guarantor's cash flow generation. In addition, under Brazilian law, the Issuer's and the Substitute Issuer's obligations under the notes and the guarantor's and the substitute guarantor's obligations under the guarantee are subordinated to certain statutory preferences, including post-petition claims, claims for salaries, wages, secured obligations, social security, taxes, court fees and expenses, among other claims. In the event of the Issuer's and the guarantor's liquidation or the liquidation of the Substitute Issuer or the substitute guarantor, such statutory preferences will have preference over any other claims, including claims by any holder of the notes. In addition, we only hold 61.33% of Comgás's capital stock and Comgás Holding would be able to hold a simple majority (50% plus one share) of Comgás's capital stock. As a result, we will not receive all of the dividends distributed by Comgás and may be subject to restrictions on distributions by the Comgás Shareholders' Agreement. A partial payment of dividends or a restriction on dividend payment would impact our ability as guarantor to service debt under the notes.

The Issuer does not have sufficient cash flow from operations to repay the notes. We and Comgás Holding are each a holding company with no operations other than to hold equity interests in the operating subsidiaries and joint venture discussed in this offering memorandum and depend on the cash flow and profits thereof, distributed to the guarantor in the form of dividends, in order to meet its financial obligations.

The Issuer's principal business activity is to act as a financing vehicle for our activities and operations. If and when the Comgás Spin-Off with Substitution is completed in accordance with the terms and conditions of the notes and the Indenture, an entity currently expected to be called Comgás Luxembourg S.A. and which is expected to serve solely as a finance subsidiary, may assume the Issuer's obligations under the notes. Comgás Luxembourg S.A.'s principal business activity will be to act as a financing vehicle for the activities and operations of Comgás. The Issuer and Comgás Luxembourg S.A. have or will have no material assets, and their only sources of cash flow are or will be returns from financing activities and from capital contributions and other investments by us and our other subsidiaries. Accordingly, the Issuer and Comgás Luxembourg S.A. do not have, and are not expected to have through the maturity date of the notes, sufficient cash flow from operations to pay amounts due in connection with the notes, and the holders of the notes must rely predominantly on our operations and cash flow to repay amounts due under the notes. If capital contributions to the issuer are not made by the guarantor or its subsidiaries, then the holders of the notes would have to rely upon claims against the guarantor for payment under the guarantee.

We are (and Comgás Holding would be) a holding company with no operations other than to hold equity interests in the operating subsidiaries discussed in this offering memorandum and depend on the cash flow and profits thereof, distributed to the guarantor in the form of dividends, in order to meet its financial obligations. Accordingly, the ability of the guarantor to pay principal, interest and other amounts due on the notes and guarantee to us will depend upon the financial condition and results of operations of its subsidiaries. In the event of an adverse change in the financial condition or results of operations of our subsidiaries, these entities may be unable to distribute dividends to us, which would result in the failure of Cosan to have sufficient funds to repay all amounts due on or with respect to the notes or the guarantee. Additionally, the subsidiaries may be subject to contractual limits on their ability to pay dividends and the guarantor is a holding company and there may be limits on the ability of the holding company's subsidiaries to make payments to the holding company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Liquidity and Capital Resources—Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of Comgás—Liquidity and Capital Resources—Indebtedness."

We may make investments, pay certain dividends and make other restricted payments even when highly leveraged, which may have a negative impact on the value of the notes.

The Indenture governing the notes restricts the ability of the Guarantor and its restricted subsidiaries to make certain restricted payments, including paying dividends, making distributions or redemptions with respect to the Guarantor's capital stock or making payments on debt that is subordinated to the notes. The Indenture does not restrict the ability of the Guarantor and its restricted subsidiaries to make investments, other than designating, and investing in, unrestricted subsidiaries. See "Description of Notes—Certain Definitions—Unrestricted Subsidiary." The limitation on the Guarantor's ability to make restricted payments is subject to certain exceptions, including, among other things, (i) the ability to spin-off the entire capital stock of any of Radar Propriedades Agrícolas S.A., Cosan Lubrificantes or Comgás (other than in the Comgás Spin-Off with Substitution) subject, in the case of the spin-off of Cosan Lubrificantes or Comgás, to Cosan maintaining a pro forma net debt to EBITDA ratio not in excess of 3.5, (ii) the ability to carry out the Comgás Spin-Off with Substitution, (iii) restricted payments generally in an amount not to exceed U.S.$100.0 million (at any time prior to the Spin-Off Consummation Date (as defined in the "Description of Notes")) or U.S.$75.0 million (at any time on or after the Spin-Off Consummation Date), (iv) the payment of dividends or interest on outstanding capital payable with respect to periods prior to January 1, 2016 up to a maximum amount of R$250.0 million if no event of default has occurred and is continuing and (v) the option of making payments of the minimum legally required dividend in accordance with Brazilian corporate law corresponding to 25% of the Guarantor's adjusted net income for the year.

In addition to the exceptions set forth above and other exceptions included in the restricted payment covenant, if (i) the Guarantor complies with the net debt to EBITDA ratio of 3.5 and (ii) no Event of Default has occurred and is continuing, the Guarantor can make restricted payments not exceeding 50% of net income accumulated from January 1, 2016, which may be increased to 75% of net income if the net debt to EBITDA ratio does not exceed 2.5 and is above 1.5, and to 100% of net income if the net debt to EBITDA ratio is less than 1.5, in each case less the amount of minimum required dividend mentioned above. See "Description of Notes—Certain Covenants—Limitation on Restricted Payments." Any restricted payment would reduce the funds available for our operations, capital expenditures or debt service and could have a negative impact on the value of the notes.

Restrictions on the movement of capital out of Brazil may impair the ability of holders of the notes to receive payments on the notes.

Brazilian law provides that whenever there is a serious imbalance in Brazil's balance of payments or reasons to foresee a serious imbalance, the Brazilian government may impose temporary restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil. We cannot assure you that mechanisms for the transfer of *reais* and conversion into U.S. dollars will continue to be available at the time it is required to perform its obligations under the notes or the Indenture or that a more restrictive control policy, which could affect our ability to make payments under the notes or the Indenture in U.S. dollars, will not be instituted in the future. If such financial mechanisms are not available, the guarantor may have to rely on a special authorization from the Central Bank to make payments under the notes in U.S. dollars or, alternatively, be required to make such payments with any funds that we hold outside Brazil. We cannot assure you that any such Central Bank approval would be obtained or that such approval would be obtained on a timely basis or that it will have such funds available.

Brazilian bankruptcy laws may be less favorable to you than bankruptcy and insolvency laws in other jurisdictions.

If the guarantor is unable to pay amounts due under the guarantee, then it may become subject to bankruptcy proceedings in Brazil. The bankruptcy laws of Brazil currently in effect are significantly different from, and may be less favorable to creditors than, those of certain other jurisdictions. Noteholders may have limited rights at creditors' meetings in the context of a court reorganization proceeding. In addition, in the event of our bankruptcy, all of the guarantor's debt obligations, that are denominated in foreign currency, including the notes, will be converted into *reais* at the prevailing exchange rate on the date of declaration of our bankruptcy by the court. No assurance can be given that such rate of exchange will afford you full compensation of the amount invested in the notes plus accrued interest. In addition, creditors of the issuer and/or guarantor may hold negotiable instruments or other instruments governed by local law that grant rights to attach the assets of issuer and/or guarantor at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

Luxembourg bankruptcy laws may be less favorable to you than bankruptcy and insolvency laws in other jurisdictions.

The issuer is and the Substitute Issuer will be public limited liability companies (*société anonyme*) incorporated under the laws of Luxembourg, and as such any insolvency proceedings applicable to such a company are in principle governed by Luxembourg law. The insolvency laws of Luxembourg may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. For further information, see "Enforceability of Civil Liabilities—Insolvency Proceedings in Luxembourg."

The Issuer may disclose the names of the noteholders, if applicable, or any other relevant information relating to the noteholders, to any tax authority where required by applicable law.

The Issuer reserves the right to disclose the names of the noteholders, if applicable, or any other relevant information relating to the noteholders, to any tax authority where required by applicable law.

In particular, noteholders may be required to provide information to the Issuer to comply with its reporting obligations under the Intergovernmental Agreement entered into by Luxembourg and the U.S. in connection with the Foreign Account Tax Compliance Act ("FATCA"). To ensure the Issuer's compliance with the Intergovernmental Agreement and applicable law in accordance with the foregoing, the Issuer may:

- request information or documentation, including self-certification forms, a global intermediary identification number, if applicable, or any other valid evidence of a holder's FATCA registration with the U.S. Internal Revenue Service, or the IRS, or a corresponding exemption, in order to ascertain such investor's FATCA status;

- report information concerning a noteholder and his account holding in the Issuer to the Luxembourg tax authorities if such account is deemed a U.S. reportable account under the Luxembourg IGA; and

- report information to the Luxembourg tax authorities concerning payments to account noteholders with the FATCA status of non-participating foreign financial institution.

Noteholders are not required to provide the abovementioned information. If noteholders do not provide this information, the Issuer may need to exchange financial account information of such noteholder with Luxembourg tax authorities who would forward such information to the IRS. If the IRS would not receive this information, then under U.S. FATCA rules, the Issuer may be required to withhold 30% withholding tax on payments made to said noteholder and to close its account. For further information, see "Taxation—Luxembourg Tax Considerations.

Judgments of Brazilian courts enforcing our obligations under the notes are payable only in Brazilian reais.

If proceedings were brought in the courts of Brazil seeking to enforce our obligations under the notes, we would be required to discharge our obligations in *reais*. Any judgment obtained against us in Brazilian courts in respect of any payment obligations under the notes will be expressed in *reais* equivalent to the U.S. dollar amount of such payment at the exchange rate published by the Central Bank on (1) the date of actual payment, (2) the date on which such judgment is rendered or (3) the actual due date of the obligations, in which case the amount would be subject to a monetary adjustment as determined by the relevant court. There can be no assurance that such rate of exchange

will afford you full compensation of the amount invested in the notes plus accrued interest. For further information, see "Enforceability of Civil Liabilities."

No assurance can be given that a judgment of a court for liabilities under the securities laws of a jurisdiction outside Brazil would be enforceable in Brazil, or that an original action can be brought in Brazil against the guarantor for liabilities under applicable securities laws.

Each of Cosan and Comgás Holding is incorporated under the laws of Brazil, and substantially all of our and their respective assets are located in Brazil. All or substantially all of our and their respective directors, executive officers and certain advisers named herein reside in Brazil. As a result, it may not be possible for investors to effect service of process within the United States upon us or, if the Comgás Spin-Off with Substitution is completed in accordance with the terms and conditions of the notes and the Indenture and the guarantor is replaced, either Comgás Holding or Comgás, or our or their respective directors, executive officers and advisers or to enforce against us or either Comgás Holding or Comgás, as the case may be, in U.S. courts any judgments predicated upon the civil liability provisions of the applicable securities laws. For further information, see "Enforceability of Civil Liabilities."

The Issuer may not have the ability to raise the funds necessary to finance any change of control offer required by the Indenture governing the notes.

Upon the occurrence of certain specific change of control events (excluding the Comgás Spin-Off with Substitution, the Comgás Spin-Off without Substitution and the Lubricant Spin-Off), the Issuer will be required to offer to repurchase all outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase. See "Description of Notes—Redemption." However, it is possible that the Issuer will not have sufficient funds at the time of any such change of control to make the required repurchase of the notes. In addition, our existing and future indebtedness may contain prohibitions on the occurrence of events that would constitute a change of control or require such indebtedness to be repurchased upon a change of control. Moreover, the exercise of the right of the holders of the notes to require us to repurchase the notes upon a change of control event may cause a default under such indebtedness even if the change of control event itself does not. Accordingly, the Issuer may not be able to satisfy its obligations to purchase the notes unless it is able to refinance or obtain waivers under such indebtedness. The failure to repurchase the notes upon a change of control would result in an event of default under the Indenture governing the notes.

In addition, certain important corporate events, such as leveraged recapitalizations, that would increase the level of our indebtedness may not constitute a change of control event under the Indenture governing the notes. Therefore, if an event occurs that does not constitute a change of control event under the Indenture, the Issuer will not be required to make an offer to repurchase the notes and the holders may be required to continue to hold the notes despite such event.

The notes may not be a suitable investment for all investors.

Each potential investor in the notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the notes, the merits and risks of investing in the notes and the information contained in this offering memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the notes and the impact the notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the notes;
- understand thoroughly the terms of the notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

You may be unable to recover damages in civil proceedings for U.S. securities laws violations.

The Issuer is and the Substitute Issuer will be organized under the laws of Luxembourg and the guarantor and substitute guarantor are organized under the laws of Brazil. None of the Issuer, the Substitute Issuer, the guarantor or substitute guarantor have any assets in the United States. It is anticipated that some or all of the directors and executive officers of the Issuer, the Substitute Issuer, the guarantor and substitute guarantor will be nonresidents of the United States and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the issuer, the Substitute Issuer or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws.

In addition, the issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in Luxembourg. See "Enforceability of Civil Liabilities— Enforcement of Judgments in Luxembourg."

Noteholders may have more difficulty protecting their interests than would security holders of a corporation incorporated in a jurisdiction of the United States. As Luxembourg companies, the Issuer is and the Substitute Issuer will be incorporated under and subject to the Luxembourg law on commercial companies of August 10, 1915 (as amended) (the "Companies Act") and other provisions of Luxembourg law. The Companies Act differs in some material respects from laws generally applicable to U.S. corporations and security holders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, security holder lawsuits and indemnification of directors.

Under Luxembourg law, the duties of directors, managers and officers of a company are generally owed to the company only. Holders of notes issued by Luxembourg companies generally do not have rights to take action against directors or officers of the company, except in limited circumstances. Director or officers of a Luxembourg company must, in exercising their powers and performing their duties, act in good faith and in the interests of the company as a whole and must exercise due care, skill and diligence. Directors have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any personal interest in any contract or arrangement with the company or any of its subsidiaries. If a director or officer of a Luxembourg company is found to have breached his or her duties to that company, he or she may be held personally liable to the company in respect of that breach of duty. A director may be jointly and severally liable with other directors implicated in the same breach of duty.

We cannot assure you that an active trading market for the new notes will develop.

We have applied for admission of the new notes to list on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. Furthermore, no assurance can be provided regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes or the price at which such holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price of the new notes depending on many factors, including prevailing interest rates, our results of operations and financial condition, prospects for other companies in our industry, political and economic developments in and affecting Brazil, risks associated with Brazilian issuers of such type of securities and the market for similar securities. If an active market for the notes is interrupted, the market price and liquidity of the notes may be adversely affected.

Transfer of the notes will be restricted.

We have not registered and do not intend to register the offer and sale or resale of the notes under the Securities Act or the securities laws of any jurisdiction. The holders of the notes may not offer or sell the notes, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws. The holders of the notes should read the disclosures in the section "Transfer Restrictions" for further information about these and other transfer restrictions. It is the holder's obligation to ensure that offers and sales of notes comply with applicable securities laws.

A finding that a guarantee of the notes was a fraudulent conveyance could result in noteholders losing their legal claim against the guarantor.

The Issuer's obligation to make payments on the notes is supported by Cosan's guarantee on such notes and the Substitute Issuer's obligation to make payments may be supported by either Comgás Holding's or Comgás's guarantee. In the event that Brazilian or U.S. fraudulent conveyance or similar laws are applied to Cosan's or either Comgás Holding's or Comgás's guarantee and at the time Cosan or either Comgás Holding or Comgás's entered into such guarantee, such guarantor:

- was rendered insolvent by reason of our entering into such guarantee;
- was engaged in business or transactions for which the assets remaining with it constituted unreasonably low capital;
- intended to incur, or believed that such guarantor would incur, debts beyond its ability to pay such debts as they mature; or
- received less than reasonably equivalent value or fair consideration in exchange for such guarantee;

then Cosan's and either Comgás Holding's or Comgás's obligations under its respective guarantee could be voided, or claims in respect of the guarantee could be subordinated to the claims of other creditors. A legal challenge to a guarantee on fraudulent conveyance grounds may focus, among other claims, on the benefits, if any, realized by the guarantor as a result of the issuance of the notes so guaranteed. If a guarantee is held to be a fraudulent conveyance or unenforceable for any other reason, the holders of the notes would not have a claim against the guarantor or such claim could be subordinated to claims of other creditors of the guarantor and would solely have a claim against the Issuer. The Issuer and the guarantor cannot assure you that, after providing for all prior claims, there will be sufficient assets to satisfy the claims of the noteholders relating to any voided portion of the guarantee.

USE OF PROCEEDS

Our gross proceeds from this offering were U.S.$639.4 million.

The net proceeds from the offering were used to pay the tender price of any 2018 Notes and/or 2023 Notes that are tendered in connection with the tender offer. Any remaining funds are expected to be used by us for general corporate purposes.

THE ISSUER

Cosan Luxembourg S.A. is a wholly-owned subsidiary of Cosan S.A. Indústria e Comércio and is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg on February 28, 2013 and registered with the Luxembourg Register of Commerce and Companies under number B 175.646. The registered office of the issuer is at 6 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

Cosan Luxembourg S.A. has published financial statements as required under the Luxembourg law on commercial companies dated August 10, 1915, as amended. Cosan Luxembourg S.A. is not required under Luxembourg corporate law to produce audited financial statements and has therefore not appointed external auditors to produce audited financial statements. The notes will be the only outstanding debt of the Issuer, except for any 2018 and 2023 notes not tendered as part of the tender offer.

The Issuer is managed by a board of directors, currently consisting of four directors. The Issuer is unaware of any conflicts of interest between the duties that any director owes to the Issuer and such director's private interests or other duties.

The following persons are A directors of Cosan Luxembourg S.A.:

- Rubens Ometto Silveira Mello, engineer, born on February 24, 1950 in Piracicaba, Brazil, with business address at Avenida Presidente Juscelino Kubitschek, 1327, 4th floor, 04543-011 São Paulo, Brazil; and

- Marcelo Eduardo Martins, officer, born on October 21, 1966 in São Paulo, Brazil, with business address at Avenida Presidente Juscelino Kubitschek, 1327, 4th floor, 04543-011 São Paulo, Brazil.

The following persons are B directors of Cosan Luxembourg S.A.:

- Mr. Michael Verhulst, born in Almelo, The Netherlands, with business address at Vertigo Naos Building, 6 rue Eugène Ruppert, L-2453 Luxembourg; and

- Mr. François-Xavier Goossens, born in Brussels, Belgium, with business address at Vertigo Naos Building, 6 rue Eugène Ruppert, L-2453 Luxembourg.

The share capital of Cosan Luxembourg S.A. is set at fifty thousand dollars (U.S.$50,000), represented by five hundred thousand (500,000) shares fully paid up and in registered form, having a nominal value of ten cents of a dollar (U.S.$0.10) each.

The board of directors of Cosan Luxembourg S.A. is authorized, for a period of five years from the date of the publication of the deed of incorporation, to:

- increase the current share capital once or more by an amount of up to one million dollars (U.S.$1,000,000), by the issue of new shares, having the same rights as the existing shares;

- limit or withdraw the shareholders' preferential subscription rights to the new shares and determine the persons who are authorized to subscribe to the new shares; and

- record each share capital increase by way of a notarial deed and amend the share register accordingly.

The Issuer does not have subsidiaries or any equity investments. The Issuer may have subsidiaries and other equity investments in the future.

The articles of incorporation of the Issuer have been published in the Mémorial C, Recueil des Sociétés et Associations number 1014 of April 27, 2013 and the amendment to its articles of association has been published in the Mémorial C, Recueil des Sociétés et Associations number 2320 on September 20, 2013. The consolidated text of the articles of association of the Issuer has been filed with the Luxembourg Register of Commerce and Companies on November 6, 2013.

The Issuer's objective and principal activity is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management of those participations. For a detailed description of the Issuer's corporate objects, see Article 3 of the Issuer's consolidated articles of association.

EXCHANGE RATES

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

Since 1999, the Brazilian Central Bank has allowed the *real*/ U.S. dollar exchange rate to float freely, which resulted in increasing exchange rate volatility. Until early 2003, the *real* declined against the U.S. dollar. Between 2006 and 2008, the *real* strengthened against the U.S. dollar, except in the most severe periods of the global economic crisis. Given the recent turmoil in international markets and the current Brazilian macroeconomic outlook, the *real* depreciated against the U.S. dollar from mid-2011 to early 2016. In particular, during 2015, due to the poor economic conditions in Brazil, including as a result of political instability, the *real* has devalued at a rate that is much higher than in previous years. On September 24, 2015, the *real* fell to the lowest level since the introduction of the currency, at R$4.195 per U.S.$1.00. Overall in 2015, the *real* depreciated 47%, reaching R$3.901 per U.S.$1.00 on December 31, 2015. In early 2016, the *real* has been facing continuing fluctuations, primarily as a result of Brazil's political instability, and has appreciated against the U.S. dollar in late March 2016. On June 8, 2016, the exchange rate was R$3.382 per U.S.$1.00. There can be no assurance that the *real* will not depreciate or appreciate further against the U.S. dollar. The Brazilian Central Bank has intervened in the foreign exchange market to control unstable movements of exchange rates. The *real* may fluctuate against the U.S. dollar substantially in the future.

The Brazilian Central Bank has intervened occasionally to attempt to control instability in foreign exchange rates. We cannot predict whether the Brazilian Central Bank or the Brazilian government will continue to allow the *real* to float freely or will intervene in the exchange rate market by re-implementing a currency band system or otherwise. The *real* may depreciate or appreciate substantially against the U.S. dollar in the future. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are serious reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future. See "Risk Factors— Risks Relating to the Notes and the Guarantee —Restrictions on the movement of capital out of Brazil may impair the ability of holders of the notes to receive payments on the notes."

The following tables set forth the selling rate, expressed in *reais* per U.S. dollar (R$/U.S.$), for the periods indicated, as reported by the Brazilian Central Bank:

Year	Period-end	Average(1)	Low	High
December 31, 2011	1.876	1.671	1.902	1.535
December 31, 2012	2.044	2.006	1.822	2.112
December 31, 2013	2.343	2.160	1.953	2.446
December 31, 2014	2.656	2.354	2.197	2.740
December 31, 2015	3.905	3.330	2.575	4.195
December 31, 2016	3.259	3.450	3.119	4.156

Month	Period-end	Average(2)	Low	High
November 2015	3.851	3.778	3.701	3.851
December 2015	3.905	3.873	3.748	3.983
January 2016	4.043	4.040	3.986	4.156
February 2016	3.980	3.968	3.865	4.049
March 2016	3.559	3.703	3.559	3.991
April 2016	3.451	3.556	3.451	3.692
May 2016	3.595	3.537	3.465	3.617
June 2016	3.210	3.425	3.210	3.613
July 2016	3.239	3.276	3.230	3.339
August 2016	3.240	3.210	3.130	3.273
September 2016	3.246	3.256	3.193	3.333
October 2016	3.181	3.187	3.119	3.236
November 2016	3.397	3.342	3.202	3.445
December 2016	3.259	3.356	3.259	3.465
January 2017	3.160	3.203	3.160	3.273
February 2017 (through February 10, 2017)	3.116	3.125	3.116	3.148

Source: Brazilian Central Bank.

(1) Represents the average of the exchange rates on the closing of each day during the year.

(2) Represents the average of the exchange rates on the closing of each day during the month.

CAPITALIZATION

The following table sets forth our shareholders' equity and total capitalization as of March 31, 2016:

- on an actual basis;
- pro forma to reflect the amount of U.S.$489,665,000.0 in gross proceeds from the sale of the Existing Notes and the results of the tender offer for any and all of the 2018 Notes and the 2023 Notes described in "Summary—Recent Developments—Tender Offer and Consent Solicitation for the 2018 and 2023 Notes:" and
- as further adjusted for the sale of the New Notes, adjusting for the use of proceeds therefrom.

Cosan	**As of March 31, 2016**					
	Actual		**Pro Forma(2)**		**As Adjusted(3)**	
	(in R$)	**(in U.S.$)(1)**	**(in R$)**	**(in U.S.$)(1)**	**(in R$)**	**(in U.S.$)(1)**
			(in millions)			
Indebtedness	9,274.5	2,606.0	7,250.4	2,037.3	7,250.4	2,037.3
Current debt	1,214.7	341.3	1,214.7	341.3	1,214.7	341.3
Non-current debt(4)	8,059.8	2,264.7	6,035.7	1,696.0	6,035.7	1,696.0
Existing Notes	—	—	1,728.6	485.7	1,728.6	485.7
New Notes	—	—	—	—	524.3	147.3
Shareholders' equity	12,024.6	3,378.8	12,024.6	3,378.8	12,024.6	3,378.8
Total capitalization(5)	**21,299.1**	**5,984.8**	**21,003.6**	**5,901.8**	**21,527.9**	**6,049.1**

(1) We have converted the amounts included in the tables above from reais into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, which was the commercial selling exchange rate reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(2) The numbers in the "Pro Forma" column are adjusted to reflect the gross proceeds of U.S.$489.7 million (R$1,742.8 million) from the sale of the Existing Notes (less transaction costs of U.S.$4.0 million (R$14.2 million)), and the non-current debt is adjusted to reflect the payments of the tender offer for any and all of the 2018 Notes in the amount of U.S.$192.3 million (R$684.5 million) and the 2023 Notes in the amount of U.S.$376.4 million (R$1,339.6 million) as described in "Summary—Recent Developments—Tender Offer and Consent Solicitation for the 2018 and 2023 Notes." As described in the Offering Memorandum, if and when the Comgás Spin-Off with Substitution is completed in accordance with the terms of the notes and the Indenture, we, Cosan, would be released from our obligation as guarantor and either Comgás Holding or Comgás would fully and unconditionally assume the guarantee. The terms of the Indenture provide that such guarantor replacement and substitution will be conditional upon the satisfaction of various requirements including, among others, as applicable, the requirement that immediately after giving effect to such transaction, the pro forma Net Debt to EBITDA Ratio of Comgás Holding or Comgás, as the case may be, does not exceed 3.5 to 1.0. See "Description of Notes—Substitution of the Guarantor and the Issuer in connection with a Comgás Spin-Off with Substitution" and "Selected Financial and Other Information." If the Comgás Spin-Off with Substitution Consummation Date (as defined in the "Description of Notes") has not occurred on or prior to the date which is 36 months from the issue date of the Existing Notes, Cosan Luxembourg will remain the Issuer and Cosan will remain the guarantor.

(3) Numbers in the "As Adjusted" column are adjusted to reflect the gross proceeds of U.S.$148.6 million (R$528.9 million) from the issuance of the New Notes, less estimated transaction costs of U.S.$1.3 million (R$4.6 million).

(4) Our total non-current debt does not include R$2 billion of non-voting preferred shares, or the non-voting preferred shares, issued by Cosan Investimentos e Participações S.A., or Cosan Investimentos, on June 27, 2014. The non-voting preferred shares were subscribed for by Fundo de Investimentos em Participações Multisetorial Plus II, or Multisetorial II, and Razac Fundo de Investimentos em Participações, or Razac. We recognize the amount of the non-voting preferred shares as a financial liability in our financial statements.

However, the liability recognized in respect of the non-voting preferred shares is not included in the definition of Debt in the Indenture and accordingly such indebtedness is not included in the Net Debt to EBITDA Ratio set forth in under "Description of Notes—Certain Covenants—Limitation on Debt and Disqualified Stock."

(5) Total capitalization is the sum of total indebtedness consisting of current and non-current debt plus the Existing Notes, the New Notes, and shareholders' equity. This definition may differ from that used by other companies.

No material change has occurred to our capitalization since March 31, 2016. You should read this table in conjunction with "Selected Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan" and our financial statements and the related notes included elsewhere in this offering memorandum.

SELECTED FINANCIAL AND OTHER INFORMATION

Cosan

On July 31, 2013, we changed the end of our fiscal year from March 31 to December 31. This change was driven by the evolution in our investment portfolio, in which businesses that do not use the harvest year as their year-end (March 31) have become more significant.

Accordingly, the information related to the balance sheet and income statement in the following tables present a summary of our historical financial and operating data derived from (1) our unaudited interim financial statements as of and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015), (2) our audited financial statements as of and for the fiscal year ended December 31, 2015 (with the comparative period ended December 31, 2014) and (3) our audited financial statements as of and for the fiscal year ended December 31, 2014 (with the comparative period of the nine months ended December 31, 2013, restated for the 2014 discontinued operation resulting from the Logistics Spin-Off), all of which are presented in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

So as to allow for comparability, we have included our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 to provide a meaningful comparison with our income statement for the fiscal year ended December 31, 2014. Our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013, prepared by combining our audited income statement for the nine-month period ended December 31, 2013 (as restated, in our audited financial statements as of and for the fiscal year ended December 31, 2014, for the 2014 discontinued operation resulting from the Logistics Spin-Off) with our unaudited income statement for the three-month period ended March 31, 2013 (adjusted for the 2014 discontinued operation resulting from the Logistics Spin-Off by deducting the income statement line items derived from Rumo's historical reviewed financial statements for the three-month period ended March 31, 2013). A table setting forth the adjustments resulting from such discontinued operation due to the Logistics Spin-Off on the condensed financial information is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Presentation of Financial Statements" below.

Our interim financial statements as of March 31, 2016 and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015) are unaudited. However, according to our management, such interim financial information includes all relevant information necessary for a fair presentation of the results of the interim periods. The results of operations for the three-month period ended March 31, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016.

As of January 1, 2016, certain entities that used the equity method adopted the amendments to CPC 27 and CPC 29 "Bearer Plants." These amendments changed the accounting requirements for biological assets that meet the definition of bearer plants. Pursuant to these amendments, biological assets that meet the definition of bearer plants no longer fall within the scope of CPC 29 - Biological assets. Instead, CPC 27 – Property, plant and equipment will apply. After initial recognition, bearer plants will be measured under CPC 27, at accumulated cost (before maturity) and using the cost model. As a result of the application of these amendments, our total assets and shareholders' equity, as of December 31, 2015, were reduced by R$92.3 million as disclosed in note 2.2 to our unaudited financial information for the period ended March 31, 2016. The financial information related to our balance sheet for the years ended December 31, 2015, 2014 and 2013, presented in this section, is not adjusted for the application of these amendments.

You should read and analyze the information below in conjunction with our financial statements and related notes included elsewhere in this offering memorandum, as well as the section "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan."

	As of and for the Three-Month Period Ended March 31,			As of and for the Fiscal Year Ended December 31,			As of and for the Twelve-Month Period Ended December 31, (1)
	2016(2)	2016	2015	2015	2015	2014(3)	2013
	(in U.S.$, except operating data)	(in R$, except operating data)		(in U.S.$, except operating data)	(in R$, except operating data)		
	(in millions, except as otherwise indicated)						
Consolidated / Combined Income Statement Data:							
Net sales	551.3	1,962.1	1,935.5	2,374.9	8,451.9	8,146.9	7,949.7
Cost of sales	(337.5)	(1,201.1)	(1,445.0)	(1,664.4)	(5,923.3)	(5,803.4)	(5,721.1)
Gross profit	213.9	761.1	490.5	710.5	2,528.6	2,343.6	2,228.6
Selling expenses	(67.0)	(238.6)	(219.3)	(258.3)	(919.2)	(881.5)	(802.4)
General and administrative expenses	(39.8)	(141.7)	(140.9)	(166.7)	(593.1)	(561.5)	(527.5)
Other income (expense), net	(11.2)	(39.8)	(98.8)	67.7	240.8	(10.6)	175.5
Operation expenses	(118.0)	(420.0)	(459.0)	(357.3)	(1,271.5)	(1,453.6)	(1,154.5)
Income before financial results, equity in earnings and income taxes	95.8	341.0	31.4	353.2	1,257.1	890.0	1,074.1
Equity in earnings of investees	122.6	436.2	153.1	(0.9)	(3.2)	592.0	340.1
Equity in earnings of associates	(1.4)	(5.1)	(4.6)	217.9	775.6	3.5	4.0
Equity in earnings of joint ventures	124.0	441.3	157.7	217.0	772.4	588.4	336.1
Financial results	126.3	449.4	(284.7)	(317.0)	(1,128.2)	(945.9)	(890.3)
Profit (loss) before taxes	92.1	327.9	(100.1)	253.3	901.3	536.1	524.0
Income tax (expense) benefits:							
Current	(25.4)	(90.4)	(3.6)	(42.2)	(150.2)	(120.9)	(142.5)
Deferred	26.8	95.5	88.1	61.0	217.2	135.4	63.7
	1.4	5.1	84.5	18.8	66.9	14.5	(78.7)
Profit (loss) from continuing operations	93.6	333.0	(15.6)	272.1	968.3	550.6	445.3
Profit (loss) from discontinued operation, net of tax	—	—	—	—	—	92.7	141.5
Profit for the period	93.6	333.0	(15.6)	272.1	968.3	643.3	586.7
Net income (loss) attributable to non-controlling interests	23.7	84.3	(28.1)	84.8	301.7	(351.3)	(325.4)
Net income (loss) attributable to owners of Cosan (including discontinued operations)	69.9	248.7	(43.7)	187.3	666.6	292.0	261.3
Consolidated Other Financial Data:							
Depreciation and amortization	40.1	142.6	138.6	157.9	561.8	581.9	521.0
Adjusted EBITDA(4)	258.5	920.0	323.2	728.1	2,591.2	2,063.8	1,935.3
Adjusted Net Debt (5)	1,531.6	5,451.0	5,236.2	1,358.1	4,832.6	5,160.8	7,082.9
Adjusted Net Debt to Adjusted EBITDA Ratio (6)	5.9	5.9	16.2	1.9	1.9	3.0	3.7
Working capital (7)	373.5	1,329.3	1,065.2	511.6	1,820.7	863.2	909.4
Cash flow generated by (used in):							
Operating activities	89.1	317.1	286.8	523.5	1,863.2	1,000.2	1,235.6
Investing activities	40.2	143.1	(79.3)	22.5	79.9	(54.9)	(532.2)
Financing activities	(255.5)	(909.2)	85.5	(114.4)	(407.1)	(881.2)	(692.2)
Basic earnings per share from continuing operations (per R$/U.S.$1.00)	0.17	0.61	(0.11)	0.5	1.64	0.55	0.28
Diluted earnings per share from continuing operations (per R$/U.S.$1.00)	0.16	0.56	(0.11)	0.4	1.57	0.55	0.28
Basic earnings per share from discontinued operations (per R$/U.S.$1.00)	—	—	—	—	—	0.17	0.30

	As of and for the Three-Month Period Ended March 31,			As of and for the Fiscal Year Ended December 31,			As of and for the Twelve-Month Period Ended December 31, (1)
	2016(2)	2016	2015	2015	2015	2014(3)	2013
	(in U.S.$, except operating data)	(in R$, except operating data)		(in U.S.$, except operating data)	(in R$, except operating data)		
	(in millions, except as otherwise indicated)						
Diluted earnings per share from discontinued operations (per R$/U.S.$1.00)	—	—	—	—	—	0.17	0.30
Weighted average number of shares outstanding (total number of shares, not in millions)	405,856,814	405,856,814	405,856,814	405,856,814	405,856,814	405,856,814	404,038,814
Declared Dividends	25.29	90.0	—	178.4	635.0	275.0	450.0
Declared Dividends per share (in R$/U.S.$)	0.06	0.22	—	0.44	1.56	0.68	1.11
Other Operating Data:							
Crushed sugarcane (in million tons)(8)		2.8	—		59.9	57.1	61.4
Sugar production (in million tons)(8)		0.1	—		4.1	4.1	4.5
Ethanol production (in billion liters)(8)		0.1	—		2.1	2.1	2.0
Volume of fuel sold (in million liters)		6,035.5	5,945.1		25,076.2	24,886.8	23,014.4
Natural Gas (Comgás) (in million m³)		1.058,7	1,302.4		5,210.9	5,458.7	5,457.0
Volume of lubricants and base oil sold (in million liters)		76.9	71.2		316.9	338.5	315.6

(1) Our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 was prepared by combining our audited income statement for the nine-month period ended December 31, 2013 (as restated, in our audited financial statements as of and for the fiscal year ended December 31, 2014, for the 2014 discontinued operation resulting from the Logistics Spin-Off) with our unaudited income statement for the three-month period ended March 31, 2013 (adjusted for the 2014 discontinued operation resulting from the Logistics Spin-Off by deducting the income statement line items derived from Rumo's historical reviewed financial statements for the three-month period ended March 31, 2013). See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Presentation of Financial Statements." Neither (i) the period covered by the unaudited consolidated income statement for the three-month period ended March 31, 2013 nor (ii) the period covered by the unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 is a statutory reporting period.

(2) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(3) On October 1, 2014, Cosan completed the Logistics Spin-Off, by which it spun-off all of its equity interest in its logistics business, comprising Rumo, to shareholders of Cosan to permit a segregation of its logistics operations, which are now held under Cosan Limited as Cosan Logística. The effects of the 2014 Logistics Spin-Off are presented in the 2014 financial statements as Discontinued Operations. For additional details on the Logistics Spin-Off, see "Business—History."

(4) We define Adjusted EBITDA as our consolidated net sales, *minus* our consolidated cost of sales, *minus* our consolidated general and administrative expenses and selling expenses *minus/plus* other recurring income (expenses), net (with individual items of U.S.$50 million or less deemed recurring expenses and individual items in excess of such amount determined by us, in good faith, as recurring or non-recurring on an item-by-item basis), *minus/plus* equity income of investees, *plus* any depreciation or amortization included in any of the foregoing expenses. We use this definition of Adjusted EBITDA to be consistent with the definition required for the calculation of financial ratios applicable under the notes. The table below sets forth a reconciliation of our consolidated net sales to Adjusted EBITDA and Adjusted EBITDA Margin.

	For the Three-Month Period Ended March 31,			For the Fiscal Year Ended December 31,			As of and for the Twelve-Month Period Ended December 31(b),
	2016(a)	2016	2015	2015	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		(in R$)
Reconciliation of Net Sales to Adjusted EBITDA				(in millions, except as otherwise indicated)			
Net sales	551.3	1,962.1	1,935.5	2,374.9	8,451.9	8,146.9	7,949.7
Cost of sales	(337.5)	(1,201.1)	(1,445.0)	(1,664.4)	(5,923.3)	(5,803.4)	(5,721.1)
General and administrative expenses	(39.8)	(141.7)	(140.9)	(166.7)	(593.1)	(561.5)	(527.5)
Selling expenses	(67.0)	(238.6)	(219.3)	(258.3)	(919.2)	(881.5)	(802.4)
Other income (expenses), net	(11.2)	(39.8)	(98.8)	67.7	240.8	(10.6)	175.5
Depreciation and amortization	40.1	142.8	138.6	157.9	561.8	581.9	521.0
Equity income of investees	122.6	436.2	153.1	217.0	772.4	592.0	340.1
Adjusted EBITDA	258.5	920.0	323.2	728.1	2,591.2	2,063.8	1,935.3
Adjusted EBITDA Margin	47%	47%	17%	31%	31%	25%	24%

(a) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(b) See note (1) above.

(5) Adjusted Net Debt consists of current and non-current loans and borrowings, net of cash and cash equivalents, securities and derivative financial instruments, net. Adjusted Net Debt is a non-GAAP measure.

	As of March 31,			As of December 31,			
	2016(a)	2016	2015	2015(a)	2015	2014	2013
	(in U.S. $)	(in R$)		(in U.S.$)	(in R$)		
				(in millions)			
Current loans and borrowings	341.3	1,214.7	1,070.8	345.8	1,230.5	856.3	987.6
Non-current loans and borrowings	2,264.7	8,059.8	7,314.0	2,395.5	8,525.2	6,541.3	7,842.6
Total	2,606.0	9,274.5	8,384.8	2,741.2	9,755.7	7,397.6	8,830.2
Cash and cash equivalents	(747.5)	(2,660.3)	(1,861.6)	(879.3)	(3,129.5)	(1,540.2)	(1,474.6)
Securities	(71.5)	(254.3)	(159.2)	(67.8)	(241.4)	(149.7)	(88.0)
Total	(819.0)	(2,914.6)	(2,020.8)	(947.2)	(3,370.9)	(1,689.9)	(1,562.5)
Derivatives financial instruments, net	(255.4)	(908.9)	(1,127.9)	(436.1)	(1,552.1)	(546.9)	(184.8)
Adjusted Net Debt	1,531.6	5,451.0	5,236.2	1,358.1	4,832.6	5,160.8	7,082.9

(a) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(6) Adjusted Net Debt to Adjusted EBITDA Ratio is the ratio of: (a) the aggregate amount of Adjusted Net Debt at that time to (b) Adjusted EBITDA for the relevant twelve-month period. This ratio is presented for illustrative purposes only and does not reflect the actual calculations implemented for existing covenants, including the leverage ratio in the Indenture governing these notes.

(7) Working capital consists of total current assets less total current liabilities.

(8) During the first quarter of every year, there is minimal to no production due to the interharvest period.

	As of March 31,			As of December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
Balance Sheet Data:				(in millions)			
Assets							
Cash and cash equivalents	747.5	2,660.3	1,861.6	879.3	3,129.5	1,540.2	1,474.6
Securities	71.5	254.3	159.2	67.8	241.4	149.7	88.0
Trade receivables	204.0	726.1	785.8	213.5	759.7	822.4	844.5
Derivative financial instruments	5.0	17.9	162.6	28.2	100.5	30.1	—
Inventories	122.7	436.5	317.8	121.1	431.1	347.9	312.0
Receivables from related parties	27.8	99.1	60.0	24.3	86.6	51.4	64.5
Income tax	21.7	77.2	92.1	26.7	95.0	93.8	56.3
Taxes recoverable	24.0	85.3	88.3	38.2	135.9	78.5	85.3
Other financial assets	—	—	71.7	—	—	69.7	63.1
Dividends receivable	40.5	144.0	47.4	3.2	11.3	36.1	26.4
Other assets	12.0	42.7	60.9	17.7	63.0	163.5	217.9
	1,276.7	**4,543.4**	**3,707.4**	**1,420.1**	**5,054.0**	**3,383.3**	**3,232.5**
Assets held for sale	50.6	180.2	29.7	31.4	111.6	25.1	314.1
Current assets	**1,327.3**	**4,723.6**	**3,737.1**	**1,451.5**	**5,165.8**	**3,408.4**	**3,546.6**
Trade receivables	10.4	37.1	32.5	11.1	39.6	34.3	238.5
Deferred tax assets	91.4	325.4	254.0	94.4	335.8	213.3	232.2
Receivables from related parties	66.2	235.7	194.5	62.2	221.3	212.5	504.5
Income tax	—	—	8.8	—	—	8.8	49.3
Taxes recoverable	11.7	41.6	16.4	12.0	42.6	17.3	18.4
Judicial deposits	117.2	417.1	393.4	116.1	413.1	388.7	361.6
Other financial assets	—	—	378.1	—	—	370.5	407.1
Derivative financial instruments	520.5	1,852.4	1,557.3	616.0	2,192.3	850.3	513.9
Other non-current assets	300.2	1,068.3	754.8	297.3	1,057.9	644.9	493.3
Equity method investments	38.4	136.7	135.7	39.4	140.1	130.7	103.3
Investment in joint ventures	2,322.8	8,266.6	8,506.8	2,340.5	8,329.5	8,404.5	8,498.3
Investment property	709.8	2,526.1	2,650.0	729.2	2,595.0	2,642.0	2,281.5
Property, plant and equipment	111.3	396.1	371.0	112.9	401.8	351.4	1,271.9
Intangible assets	2,644.4	9,411.2	9,417.6	2,654.6	9,447.3	9,426.1	10,078.0
Non-current assets	**6,944.4**	**24,714.3**	**24,670.7**	**7,085.4**	**25,216.4**	**23,695.3**	**25,051.7**
Total assets	**8,271.7**	**29,437.9**	**28,407.8**	**8,537.0**	**30,382.2**	**27,103.7**	**28,598.4**
Liabilities							
Loans and borrowings	341.3	1,214.7	1,070.8	345.8	1,230.5	856.3	987.6
Derivative financial instruments	82.5	293.7	38.7	0.1	0.3	13.8	48.7
Trade payables	391.0	1,391.6	1,192.2	434.1	1,544.8	971.2	862.4
Employee benefits	17.7	62.9	62.5	29.9	106.4	101.1	103.3
Income tax payable	12.9	46.1	18.5	13.4	47.7	27.6	28.1
Other taxes payable	40.8	145.3	114.2	33.8	120.2	300.4	199.1
Dividends payable	9.4	33.3	20.3	11.7	41.7	20.3	144.8
Payables to related parties	36.0	128.2	90.2	32.2	114.6	122.4	105.5
Other	22.1	78.6	64.5	39.0	138.8	131.9	157.8
Current liabilities	**953.7**	**3,394.3**	**2,671.9**	**939.9**	**3,345.1**	**2,545.2**	**2,637.3**
Loans and borrowings	2,264.7	8,059.8	7,314.0	2,395.5	8,525.2	6,541.3	7,842.6
Preferred shareholders payable in subsidiaries	593.4	2,112.0	1,988.6	574.0	2,042.9	1,926.9	—
Derivative financial instruments	187.6	667.6	553.3	208.0	740.4	319.6	280.5
Other taxes payable	6.1	21.8	507.6	7.1	25.2	334.6	1,010.8

	As of March 31,			As of December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
Provision for judicial demand	202.9	722.1	662.2	197.6	703.3	644.4	722.5
Pension and post-employment benefits	98.1	349.3	307.0	96.7	344.3	301.8	339.1
Deferred tax liabilities	365.2	1,299.6	1,495.6	397.6	1,415.1	1,542.7	1,698.6
Other	221.1	786.9	470.0	198.3	705.9	498.0	551.7
Non-current current liabilities	**3,939.1**	**14,019.0**	**13,298.4**	**4,075.0**	**14,502.5**	**12,109.2**	**12,445.7**
Total liabilities	**4,892.9**	**17,413.3**	**15,970.3**	**5,014.9**	**17,847.5**	**14,654.4**	**15,083.0**
Equity							
Share Capital	1,074.1	3,822.7	3,632.2	1,074.1	3,822.7	3,632.2	4,691.8
Treasury shares	(16.5)	(58.7)	(58.7)	(16.5)	(58.7)	(58.7)	(104.3)
Capital reserve	265.8	946.1	953.4	268.4	955.3	950.7	856.9
Other comprehensive income	(51.8)	(184.5)	175.4	(51.9)	(184.7)	175.3	221.4
Profit reserve	1,107.8	3,942.5	4,118.7	1,211.5	4,311.5	4,118.7	4,071.1
Retained earnings	69.9	248.7	(43.7)	—	—	—	—
Equity attributable to owners of the Company	**2,449.3**	**8,716.9**	**8,777.4**	**2,485.7**	**8,846.2**	**8,818.3**	**9,736.9**
Non-controlling interests	**929.4**	**3,307.7**	**3,660.1**	**1,036.4**	**3,688.5**	**3,631.0**	**3,778.5**
Total equity	**3,378.7**	**12,024.6**	**12,437.5**	**3,522.1**	**12,534.7**	**12,449.3**	**13,515.4**
Total equity and liabilities	**8,271.7**	**29,437.9**	**28,407.8**	**8,537.0**	**30,382.2**	**27,103.7**	**28,598.4**

(1) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

Comgás

The information related to our balance sheet and income statement presented in the following tables present a summary of Comgás's historical financial and operating data, derived from the unaudited interim financial statements of Comgás as of March 31, 2016 and 2015, and for the three-month periods ended March 31, 2016 and 2015, and the audited financial statements of Comgás as of and for the fiscal years ended December 31, 2015 and 2014, included elsewhere in this offering memorandum. The information herein corresponds to 100% of Comgás's operations and results. As of March 31, 2016, we held 61.33% of the total capital stock of Comgás. Following the spin-off of Comgás, if and when it occurs, we will not hold any capital stock of Comgás. Upon consummation of the Comgás Spin-Off with Substitution, either Comgás or Comgás Holding (which will hold at least 50% of Comgás), as applicable, will substitute Cosan as guarantor.

The interim financial statements of Comgás as of March 31, 2016 and 2015 and for the three-month periods ended March 31, 2016 and 2015 are unaudited. However, according to Comgás's management, such interim financial information includes all relevant information necessary for a fair presentation of the results of the interim periods. The results of operations for the three-month period ended March 31, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016.

You should read and analyze the information below in conjunction with Comgás's financial statements and related notes included elsewhere in this offering memorandum, as well as the section "Management's Discussion and Analysis of Financial Condition and Results of Operations of Comgás."

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
	(in millions, except as otherwise indicated)						
Income Statement Data:							
Net revenue	**410.3**	**1,460.1**	**1,534.1**	**1,853.7**	**6,597.0**	**6,387.1**	**6,336.6**
Gas sales	389.2	1,358.3	1,436.4	1,728.6	6,151.9	5,865.2	5,634.5
Construction revenues	18.6	66.2	90.4	114.6	408.0	481.3	671.6
Other revenues	2.4	8.6	7.2	10.4	37.0	40.6	30.5
Cost of assets and/or services rendered	**(232.8)**	**(828.6)**	**(1,154.7)**	**(1,287.0)**	**(4,580.2)**	**(4,494.9)**	**(4,556.6)**
Gas sales	(165.8)	(590.1)	(924.4)	(990.6)	(3,525.5)	(3,580.6)	(3,475.0)
Transportation and other gas services	(48.4)	(172.3)	(139.9)	(181.7)	(646.6)	(433.0)	(409.9)
Construction revenues	18.6	(66.2)	(90.4)	(114.7)	(408.1)	(481.3)	(671.6)
Gross profit	**177.4**	**631.5**	**379.4**	**566.7**	**2,016.8**	**1,892.2**	**1,780.1**
Other operational results	**(56.0)**	**(199.4)**	**(212.7)**	**237.8**	**846.2**	**(842.3)**	**(708.2)**
Selling expenses	(9.9)	(35.1)	(35.0)	(40.8)	(145.2)	(116.6)	(122.0)
General and administrative expenses	(45.6)	(162.3)	(176.4)	(195.2)	(694.8)	(714.8)	(643.3)
Other operational revenues	0.1	0.4	0.6	0.4	1.8	1.0	68.4
Other operational expenses	(0.7)	(2.4)	(1.8)	(2.2)	(7.9)	(11.8)	(11.3)
Operating income	**121.4**	**432.0**	**166.7**	**328.9**	**1,170.5**	**1,049.9**	**1,071.9**
Net financial expenses	**(27.0)**	**(96.1)**	**(74.0)**	**(51.1)**	**(181.8)**	**(193.0)**	**(191.0)**
Financial income	15.6	55.5	37.5	67.0	238.6	111.5	51.0
Financial expenses	(42.6)	(151.6)	(111.5)	(118.2)	(420.5)	(304.5)	(242.0)
Earnings before income tax and social contribution	**94.4**	**336.0**	**92.7**	**277.8**	**988.6**	**856.9**	**880.9**
Income tax and social contribution	(32.3)	(115.0)	(42.2)	(81.4)	(289.8)	(245.3)	(261.9)
Net income	**62.1**	**221.0**	**50.5**	**196.4**	**698.8**	**611.6**	**618.9**
Basic earnings per share from continuing operations (per R$/U.S.$1.00)	0.49	1.74	0.40	1.6	5.67	5.05	5.16
Diluted earnings per share from continuing operations (per R$/U.S.$1.00)	0.49	1.74	0.40	1.6	5.67	5.05	5.16

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	As of March 31,			As of December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$) (in millions)		(in R$)	
Balance Sheet Data:							
Assets							
Cash and cash equivalents	281.0	1,000.2	1,328.3	552.9	1,967.6	973.7	536.0
Accounts receivable – clients	128.8	458.6	548.8	136.5	485.9	587.2	573.9
Other receivables	—	—	—	10.0	35.7	20.9	11.8
Inventories	37.3	132.6	126.3	37.7	134.3	125.4	121.3
Taxes recoverable	20.2	71.8	141.3	32.9	117.0	115.5	92.1
Anticipated expenditures	5,0	17.9	2.7	0.3	1.2	1.9	5.8
Other current assets	8.9	31.6	105.4	13.5	48.0	26.3	157.1
Current assets	**481.2**	**1,712.6**	**2,252.7**	**783.9**	**2,789.9**	**1,851.0**	**1,497.9**
Accounts receivable	9.8	34.9	35.6	10.4	37.0	37.0	28.7
Transportation paid and not used	—	—	—	57.5	204.7	158.2	—
Deferred taxes	158.3	563.3	756.8	166.7	593.4	799.1	955.8
ICMS recoverable	3.5	12.4	15.7	3.8	13.5	17.1	18.4
Judicial deposits	12.4	44.2	41.2	12.2	43.4	42.0	26.7
Derivative financial instruments	151.6	539.5	465.2	179.3	638.0	335.1	257.8
Others	57.9	206.1	175.1	0.4	1.3	1.7	1.4
Intangible assets	1,278.3	4,549.2	4,432.8	1,277.5	4,546.4	4,399.3	4,132.7
Noncurrent assets	**1,671.8**	**5,949.6**	**5,906.7**	**1,707.8**	**6,078.0**	**5,789.5**	**5,421.4**
TOTAL ASSETS	**2,153.0**	**7,662.3**	**8,159.4**	**2,491.8**	**8,868.0**	**7,640.4**	**6,919.3**
Liabilities							
Salaries and social deductions	8.1	28.8	26.1	17.0	60.5	49.6	50.2
Suppliers	321.3	1,143.5	1,084.4	366.0	1,302.4	848.8	706.4
Taxes and contributions payable	37.7	134.0	69.7	27.0	96.2	95.7	91.2
Loans and financing	160.5	571.2	597.0	162.0	576.7	466.7	336.4
Advances from clients and others	2.8	10.1	37.7	3.4	12.1	36.6	209.8
Current liabilities	**530.4**	**1,887.6**	**1,815.0**	**575.4**	**2,047.9**	**1,497.4**	**1,403.3**
Loans and financing	891.8	3,174.0	2,810.8	583.5	3,246.3	2,666.7	2,505.0
Advances from clients and others	5.7	20.3	24.7	6.1	21.8	25.6	27.2
Others	106.2	378.0	349.6	432.8	370.5	341.9	327.3
Noncurrent liabilities	**1,003.8**	**3,572.3**	**3,185.1**	**1,022.4**	**3,638.6**	**3,034.2**	**2,859.5**
TOTAL LIABILITIES	**1,534.2**	**5,459.9**	**5,000.1**	**1,597.9**	**5,686.6**	**4,531.6**	**4,262.8**
Paid-in capital	321.3	1,143.5	1,002.9	321.3	1,143.5	1,002.9	764.2
Capital reserves	158.5	564.0	704.7	158.4	563.9	704.7	845.5
Reevaluation reserves	(14.4)	(51.4)	(51.6)	(14.4)	(51.3)	(51.3)	(53.9)
Profit reserve	153.5	546.3	1,503.5	428.6	1,525.2	1,452.6	1,100.7
SHAREHOLDERS' EQUITY	**618.8**	**2,202.4**	**3,159.4**	**2,491.8**	**8,868.0**	**3,108.9**	**2,656.4**

(1) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from reais into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar *equivalent* information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

	As of and for the Three-Month Period Ended March 31,			As of and for the Year Ended December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in U.S.$, except where otherwise indicated)	(in R$, except where otherwise indicated)		(in U.S.$, except where otherwise indicated)	(in R$, except where otherwise indicated)		
	(in millions, except as otherwise indicated)						
Other Financial Data:							
Depreciation and amortization	24.9	88.6	89.1	101.1	359.9	385.3	331.9
Adjusted Net Debt(2)	614.7	2,187.7	1,555.9	334.5	1,190.4	1,829.4	2,095.9
Working capital(3)	(49.2)	(174.9)	437.8	208.5	742.0	353.6	94.6
Cash flow generated by (used in):							
Operating activities	105.1	374.2	462.1	543.2	1,933.1	1,318.1	942.7
Investing activities	(26.5)	(94.4)	(123.6)	(146.5)	(521.3)	(661.5)	(791.3)
Financing activities	(350.5)	(1,247.5)	16.0	(117.4)	(417.8)	(218.8)	214.9
Adjusted EBITDA(4)	146.2	520.5	255.8	429.9	1,529.9	1,435.2	1,403.6
Adjusted EBITDA Margin(5)	36%	36%	17%	23%	23%	22%	22%
Adjusted Net Debt/Adjusted EBITDA(6)	0.24	0.24	0.16	1.29	1.29	1.27	1.49
Normalized net income(7)	26.2	93.3	84.4	174.1	619.7	546.0	600.8

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(2) Adjusted Net Debt consists of current and non-current debt, net of cash and cash equivalents and derivative assets on debt. Adjusted Net Debt is a non-GAAP measure. We use this definition of Adjusted Net Debt to be consistent with the definition required for the calculation of financial ratios applicable under the notes. The following table sets forth a reconciliation of Adjusted Net Debt to current debt:

Reconciliation of Total Debt to Adjusted Net Debt:	As of March 31,			As of December 31,			
	2016(a)	2016	2015	2015(a)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
				(in millions)			
Current debt	160.5	571.2	597.0	162.0	576.7	466.7	336.4
Non-current debt	891.8	3,174.0	2,810.8	912.2	3,246.3	2,666.7	2,505.0
Total debt	1,052.4	3,745.2	3,407.7	1,074.2	3,823.0	3,133.4	2,841.4
Cash and cash equivalents	(281.0)	(1,000.2)	(1,328.2)	(552.9)	(1,967.6)	(973.7)	(536.0)
Derivative financial instrument, net	(156.6)	(557.4)	(523.6)	(186.9)	(665.0)	(330.2)	(209.5)
Adjusted Net Debt	614.7	2,187.7	1,555.9	334.5	1,190.4	1,829.4	2,095.9

(a) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from reais into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(3) Working capital consists of total current assets less total current liabilities.

(4) We define Adjusted EBITDA as Comgás's net sales, minus its cost of assets and/or services rendered, minus its general and administrative expenses and selling expenses minus/plus other recurring income (expenses), net (with individual items of U.S.$50 million or less deemed recurring expenses and individual items in excess of such amount determined by Comgás, in good faith, as recurring or non-recurring on an item-by-item basis), minus/plus equity income of associates, plus any depreciation or amortization included in any of the foregoing expenses. We use this definition of Adjusted EBITDA to be consistent with the definition required for the calculation of financial ratios applicable under the notes. The table below sets forth a reconciliation of our net sales to Adjusted EBITDA and Adjusted EBITDA margin.

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016(a)	2016	2015	2015(a)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
	(in millions, except as otherwise indicated)						
Reconciliation of Net Sales to Adjusted EBITDA:							
Net sales	410.3	1,460.1	1,534.1	1,853.7	6,597.0	6,387.1	6,336.6
Cost of assets and/or services rendered	(232.8)	(828.6)	(1,154.7)	(1,287.0)	(4,580.2)	(4,494.9)	(4,556.6)
General and administrative expenses	(45.6)	(162.3)	(176.4)	(195.2)	(694.8)	(714.8)	(643.3)
Selling expenses	(9.9)	(35.1)	(35.0)	(40.8)	(145.3)	(116.6)	(122.0)
Other income (expenses), net	(0.6)	(2.0)	(1.3)	(1.7)	(6.1)	(10.9)	57.0
Depreciation and amortization	24.8	88.4	89.1	101.1	359.9	385.3	331.9
Adjusted EBITDA	146.2	520.5	255.8	429.9	1,529.9	1,435.2	1,403.6
Adjusted EBITDA Margin	36%	36%	17%	23%	23%	22%	22%

(a) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(5) Adjusted EBITDA Margin is Adjusted EBITDA divided by net sales, expressed as a percentage.

(6) Represents Adjusted Net Debt divided by Adjusted EBITDA for the relevant twelve-month period. Adjusted Net Debt/Adjusted EBITDA presented in the table above has been calculated in the same manner as the calculation of the Net Debt to EBITDA Ratio for the purposes of the Indenture governing the notes.

(7) Normalized net income is calculated as net income, adjusted for the effects of the regulatory account, which is the difference between the amount Comgás pays for natural gas and the amount Comgás is allowed to charge consumers, plus income tax and social contribution related to those items plus other items. The table below sets forth a reconciliation of Comgás's normalized net income to net income.

	For Three-Month Period Ended March 31,			For Year Ended December 31,			
	2016(a)	2016	2015	2015 4(a)	2015	2014	2013
	(in U.S.$)	(in R$)		(in U.S.$)	(in R$)		
				(in millions)			
Reconciliation of Normalized net income to Net income:							
Net income	62.1	221.0	50.5	196.4	698.8	611.6	618.9
Regulatory account, net	36.6	(130.2)	28.7	28.2	(100.2)	(86.8)	(44.6)
Regulatory accounts	(55.4)	(197.2)	43.4	(42.7)	(151.8)	(131.4)	(67.5)
Income tax and social contribution	18.9	67.0	(14.8)	14.5	51.7	86.7	44.6
Other	0.7	2.5	5.2	6.0	21.0	21.1	26.4
Normalized net income	26.2	93.3	84.4	174.1	619.7	546.0	600.8

(a) Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from reais into U.S. dollars using the exchange rate as of March 31, 2016 of R$3.5589 to U.S.$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF COSAN

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Presentation of Financial and Certain Other Information," "Forward-Looking Statements," and the other matters set forth in this offering memorandum. The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto included elsewhere in this offering memorandum, as well as the information presented under "Presentation of Financial and Certain Other Information" and "Selected Financial and Other Information."

For purposes of this "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan" section, unless the context requires otherwise, the terms "we," "us," "our" or similar terms refer to Cosan and its subsidiaries.

Overview of Cosan

We are an integrated energy and infrastructure company and, when considered together with the Joint Venture, a Brazilian market leader in fuel distribution, sugar and ethanol production and natural gas distribution. Our main operations include: (1) the distribution of fuels in the Brazilian market through Raízen Combustíveis, our downstream joint venture company; (2) the production and sale of sugar and ethanol and the cogeneration of electricity from sugarcane bagasse through Raízen Energia, our upstream Joint Venture company; (3) the distribution of piped natural gas in part of the state of São Paulo through our subsidiary Comgás, which has been consolidated since November 2012; (4) the purchase, sale and leasing of agricultural land through our subsidiary, Radar; (5) the production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian markets under the Comma brand; and (6) certain other investments ("Cosan's other business").

Financial Presentation and Accounting Policies

Presentation of Financial Statements

The discussion in this section is based on our unaudited interim financial statements as of and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015). The discussion in this section is also based on a comparison of our audited financial statements as of and for the fiscal years ended December 31, 2015 and 2014, and on a comparison of our audited financial statements as of and for the fiscal year ended December 31, 2014 with our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013, prepared by combining our audited income statement for the nine-month period ended December 31, 2013 (as restated, in our audited financial statements as of and for the fiscal year ended December 31, 2014, for the 2014 discontinued operation resulting from the Logistics Spin-Off) with our unaudited income statement for the three-month period ended March 31, 2013 (adjusted for the 2014 discontinued operation resulting from the Logistics Spin-Off by deducting the income statement line items derived from Rumo's historical reviewed financial statements for the three-month period ended March 31, 2013). Neither (i) the period covered by the unaudited consolidated income statement for the three-month period ended March 31, 2013 nor (ii) the period covered by the unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 is a statutory reporting period.

Cosan's results of operations for the three-month period ended March 31, 2013 were originally issued including the logistics business, which comprised Rumo. Had such financials been retroactively restated to reflect this discontinued operation, the effects of such discontinued operation resulting from the Logistics Spin-Off on our unaudited condensed financial information as at and for the three-month period ended March 31, 2013 would have been as follows:

	As of and for the Three-Month Period Ended March 31, 2013		
	As Originally Presented	Rumo Discontinued Operation Adjustment	As Adjusted
		(in R$ millions)	
Consolidated Income Statement Data:			
Net sales	1,989.2	168.4	1,820.8
Gross profit	603.8	73.2	530.6
Operating income	339.4	50.6	288.8
Earnings before income taxes	254.5	49.3	205.2
Net income	115.3	32.8	82.5
Consolidated Statement of Financial Data:			
Cash and cash equivalents	1,538.8	502.5	1,036.3
Total assets	27,524.7	2,308.0	25,216.7
Loans and borrowings	8,301.9	713.0	7,588.9
Total shareholders' equity	13,305.7	1,274.0	12,031.7
Consolidated Other Financial Data:			
Working capital	411.0	(259.7)	151.3
Cash flow provided by (used in):			
Operating activities	84.4	48.7	35.7
Investing activities	(9.1)	(57.0)	47.9
Financing activities	0.1	(24.1)	(24.2)

Business Segments and Presentation of Segment Financial Data

Cosan presents six reportable segments:

(1) Raízen Energia: production and marketing of a variety of products derived from sugar cane, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment holds interests in companies engaged in research and development on new technology;

(2) Raízen Combustíveis: distribution and marketing of fuels, mainly through a franchised network of service stations under the brands "Shell" and "Esso" throughout Brazil;

(3) Comgás: distribution of piped natural gas under a concession covering part of the state of São Paulo (approximately 177 municipalities, including the region called Greater São Paulo) to customers in the industrial, residential, commercial, automotive, thermo-generation and cogeneration sectors;

(4) Radar: management, buying, selling and leasing of agricultural land;

(5) Lubricants: production and distribution of lubricants under the Mobil brand in Brazil, Bolivia, Uruguay and Paraguay, as well as in the European and Asian markets under the Comma trademark; and

(6) Cosan's other businesses: other investments, in addition to the corporate activities of Cosan and its subsidiaries.

Following the adoption of IFRS 11, Cosan no longer proportionally consolidates Raízen Energia and Raízen Combustíveis in its consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and consolidated cash flows. For all financial periods presented herein, the result from these businesses are accounted for under the line item "Equity in earnings of joint ventures" in our consolidated statement of profit or loss and other comprehensive income.

Critical Accounting Policies and Estimates

The preparation of Cosan's financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses at the end of the reporting period. Actual results may differ from these estimates. Such estimates and

underlying assumptions are reviewed on an ongoing basis and changes are recognized in the period in which the estimates are revised and in any future periods affected.

Summary information about critical judgments, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included as follows (see note 2.4 of our consolidated financial statements for the fiscal year ended December 31, 2015 for further information):

Property, plant and equipment and intangible assets, including goodwill. The calculation of depreciation and amortization of intangible assets and property, plant and equipment is based on estimated useful lives. In addition, the determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination or arising from the formation of a joint venture is a significant estimate. Cosan performs annually a review of impairment indicators for intangible assets and property, plant and equipment. Also, an impairment test is undertaken for goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Operating lease commitments. Cosan has entered into commercial property leases in relation to its investment property portfolio. Cosan has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Deferred tax and social contribution. A deferred tax asset is recognized for loss carryforwards to the extent that it is probable that future taxable income will be generated to use such losses. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and the level of future taxable income together with tax planning strategies.

Other non-current asset. Cosan has recognized a receivable in relation to a lawsuit filed against the Federal Government, claiming indemnification due to price controls, which receipt is virtually certain, as the Supreme Court passed final judgment and the Brazilian government is unable to appeal.

Fair value of investment properties. Cosan carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. The Company engaged an independent valuation specialist to assess fair value as at December 31, 2015. For investment properties, a valuation methodology based on direct comparisons of market information (Level 2), such as market research, homogenization of values, prices, recent sales, distances, facilities, access to land, topography and soil, land use (culture), and rainfall level, among others.

Fair value of derivatives and other financial instruments. When the fair value of financial assets and liabilities recorded in the consolidated financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in determining fair values. Judgment is required in the determination of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions on these factors could affect the reported fair value of financial instruments.

Post-employment benefits. The cost of defined benefit pension plans and other post-employment benefits and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves the use of various assumptions, which may differ from actual results in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by management at each reporting date.

Share-based payments. Cosan measures employees' share-based compensation cost by reference to the fair value of the shares at the grant date. The estimation of fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the plan. This estimate also requires determining the most appropriate inputs to the valuation model including the assumption of the expected life of the stock option, volatility and dividend yield.

Provisions for legal proceedings. Provisions for legal proceedings are recognized when (i) Cosan has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount has been reliably estimated. Provisions for legal proceedings are estimated at fair value.

Investment in joint ventures. Cosan has a 50% interest in a joint venture agreement. The joint venture agreements require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint venture and the Company recognizes its interest in the joint venture using the equity method.

Principal Factors Affecting Cosan's Results of Operations

In addition to the factors that are described in "Business," our results of operations have been influenced and will continue to be influenced by the following key factors:

Brazilian Economic Environment

The Brazilian economic environment has historically been characterized by significant variations in economic growth, inflation and currency exchange rates. Our results of operations and financial condition are influenced by these factors and the effect that these factors have on employment rates, the availability of credit and average wages in Brazil. The following table sets forth Brazilian inflation rates, interest rates, and exchange rates as of and for the three-month periods ended March 31, 2016 and 2015, and as of and for the fiscal years ended December 31, 2015, 2014 and 2013:

	For the Three-Month Period Ended March 31,		For the Year Ended December 31,		
	2016	2015	2015	2014	2013
GDP growth	N/A	(0.81)%	(3.8)%	0.1%	2.49%
Inflation (IGP-M)	2.94%	7.7%	10.5%	3.7%	5.51%
Inflation (IPCA)(1)	2.6%	4.4%	10.7%	6.4%	5.91%
Interbank rate – CDI (average)(2)	14.13%	12.1%	13.2%	10.8%	8.02%
Long-term interest rates (average)(3)	7.5%	5.5%		5.00%	5.00%
Exchange rate at the end of the period per U.S.$1.00	3.56	3.21	3.90	2.66	2.34
Average exchange rate per U.S.$1.00	3.90	2.87	3.33	2.35	2.16
Appreciation (depreciation) of the *real* against the U.S. dollar (4)	8.86%	(20.8)%	(47.0)%	13.4%	14.6%

Sources: IBGE, Central Bank, CETIP S.A. - Mercados Organizados and FGV.

(1) IPCA is a consumer price index calculated by IBGE.

(2) CDI refers to the average overnight interbank loan rates in Brazil.

(3) The Brazilian long-term interest rate (*taxa de juros de longo prazo*), or TJLP, is the rate applicable to long-term loans by BNDES.

(4) Comparing the PTAX exchange rate (the rate calculated by the Central Bank) at the end of the period's last day with the day immediately prior to the first day of the period discussed. PTAX is the exchange rate calculated at the end of each day by the Central Bank. It is the average rate of all business conducted in U.S. dollars on the determined date in the interbank exchange market.

General economic stability in Brazil following the onset of the global financial crisis in 2009 allowed the Central Bank to continue its policy of reducing interest rates. This resulted in a reduction in the short-term interest rate (*Sistema Especial de Liquidação e Custódia*), or SELIC rate, in annual terms to 10.91% at the end of 2011 and 7.29% at the end of 2012. However, due to inflation and other general macroeconomics concerns, the Central Bank began increasing interest rates, with the SELIC reaching 10.00% at the end of December 31, 2013, 11.75% at the end of December 31, 2014, 14.25% at the end of December 31, 2015 and 14.15% as of June 3, 2016.

The recent economic instability in Brazil caused by the rise of inflation, a slowdown in GDP growth, and uncertainty as to whether the Brazilian government will enact the necessary economic reforms in 2016 to improve Brazil's deteriorating fiscal accounts and economy have led to a decline in market confidence in the Brazilian economy and a government crisis. On May 12, 2016, the Brazilian Senate voted to begin its review of the impeachment proceedings against President Dilma Rousseff. President Dilma Rousseff has been suspended from office pending the outcome of the Brazilian Senate's review, which must be completed within 180 days. Vice-President Michel Temer has assumed office as interim President of Brazil until the Brazilian Senate's review is completed. We are not able to fully estimate the impact of Brazilian and global political and macroeconomic developments on our business. See "Risk Factors— Risks Relating to Brazil—The ongoing economic and political crisis in Brazil may have a material adverse effect on our business, operations and financial condition." This instability has been compounded by the ongoing "Lava-Jato" investigations regarding corruption in Brazil, see "Risk Factors—Risks Relating to Brazil—The ongoing investigations regarding corruption in Brazil may adversely affect the growth of the Brazilian economy and could have a material adverse effect on our business."

Acquisitions, Partnerships and Corporate Restructurings

Our strategy is to be a leading Brazilian group in the energy and infrastructure businesses. For this reason, since May 2004, we have expanded our operations primarily through acquisitions, partnerships and corporate restructurings. We have also diversified into other operations to become a vertically integrated energy and infrastructure company. As a result, our net sales and gross profit have increased significantly.

Sugar

The profitability of our sugar products is mainly affected by fluctuations in the international price of raw sugar and in the *real*/dollar exchange rate. International raw sugar prices are determined based on the New York Board of Trade Futures Contract No. 11, or "NY11." Refined sugar trades at a premium to raw sugar, known as the "white premium," and its price is determined based on the London International Financial Futures and Options Exchange Contract No. 5, or "LIFFE No. 5." Prices are affected by the perceived and actual supply and demand for sugar and its substitute products. The supply of sugar is affected by weather conditions, governmental trade policies and regulations and the amount of sugarcane and sugar beet planted by farmers, including substitution by farmers of other agricultural commodities for sugarcane or sugar beet. Demand is affected by growth in worldwide consumption of sugar and the prices of substitute sugar products. From time to time, imbalances may occur between overall sugarcane and sugar beet processing capacity, sugarcane and sugar beet supply and the demand for sugar products. Prices of sugar products are also affected by these imbalances, which, in turn, impact our decisions regarding whether and when to purchase, store or process sugarcane and whether to produce sugar or more ethanol.

The table below sets forth the prices for raw sugar NY11 for the periods indicated:

	For the Three-Month Period Ended	For the Three-Month Period Ended	For the Fiscal Year Ended	For the Fiscal Year Ended	For the Twelve-Month Period Ended
	March 31, 2016	March 31, 2015	December 31, 2015	December 31, 2014	December 31, 2013
			(in U.S.$ per pound)		
Initial quote	0.1497	0.1417	0.1417	0.1629	0.1969
Closing quote	0.1535	0.1193	0.1524	0.1452	0.1641
Daily average quote	0.1438	0.1409	0.1312	0.1634	0.1747
High quote	0.1671	0.1592	0.1592	0.1832	0.1969
Low quote	0.1252	0.1193	0.1039	0.1350	0.1589

Source: NYBOT; prices from the SB1 Comdty – Bloomberg

Ethanol

Our ethanol products are affected by domestic Brazilian and international prices of ethanol, competition, governmental policies and regulations and market demand for ethanol as an alternative or additive to gasoline. The price for ethanol we sell in Brazil is set in accordance with market prices, using indices published by the Agriculture School of the University of São Paulo (*Escola Superior de Agricultura Luiz de Queiroz—ESALQ*) and BM&FBOVESPA as a reference. Prices for ethanol we export are set based on international market prices,

including the New York Board of Trade's recently launched ethanol futures contract. Prices for the industrial alcohol and bottled alcohol products we sell are also set based on market prices and have been historically higher than market prices for ethanol.

The table below sets forth the prices for hydrous ethanol in the Brazilian market for the periods indicated:

	For the Three-Month Period Ended	For the Three-Month Period Ended	For the Fiscal Year Ended	For the Fiscal Year Ended	For the Twelve-Month Period Ended
	March 31, 2016	March 31, 2015	December 31, 2015	December 31, 2014	December 31, 2013
			(in U.S.$ per cbm)		
Initial quote	442.3	492.60	477.10	555.20	569.00
Closing quote	505.9	413.20	442.30	483.40	558.40
Daily average quote	480.5	479.70	411.34	552.40	557.20
High quote	528.2	541.90	532.50	652.30	653.10
Low quote	442.3	391.20	318.30	469.60	461.20

Source: Bloomberg.

The table below sets forth the prices for anhydrous ethanol in the Brazilian market for the periods indicated:

	For the Three-Month Period Ended	For the Three-Month Period Ended	For Fiscal Year Ended	For Fiscal Year Ended	For the Twelve-Month Period Ended
	March 31, 2016	March 31, 2015	December 31, 2015	December 31, 2014	December 31, 2013
			(in U.S.$ per cbm)		
Initial quote	500.4	535.10	535.10	607.40	653.70
Closing quote	565.1	421.10	500.40	536.00	616.40
Daily average quote	528.9	508.30	458.33	599.60	619.60
High quote	567.1	570.40	570.40	699.10	698.50
Low quote	500.2	418.00	354.50	508.50	506.80

Source: Bloomberg.

The following table sets forth our average selling prices (in R$ per thousand liters) for ethanol in the export market for the periods indicated:

	For the Three-Month Period Ended	For the Three-Month Period Ended	For Fiscal Year Ended	For Fiscal Year Ended	For the Twelve-Month Period Ended
	March 31, 2016	March 31, 2015	December 31, 2015	December 31, 2014	December 31, 2013
Average Unitary Price	1,897	1,329	1,524	1,514	1,420

Source: Bloomberg.

Demand for Fuels

Demand for gasoline, ethanol and diesel is susceptible to volatility related to the level of economic activity in Brazil and may also fluctuate depending on the performance of specific industries in the Brazilian market. We expect that a decrease in economic activity would adversely affect demand for fuels.

Currency Fluctuations

A significant proportion of the sales of sugar of Raízen Energia, a significant proportion of natural gas purchase of Comgás, and a significant proportion of the base oil purchases of Cosan Lubrificantes are conducted in U.S. dollars. Therefore, a depreciation of the *real* against the U.S. dollar would have the effect of increasing our sales in Raízen Energia, and increasing our costs of sales in Comgás and Cosan Lubrificantes. An appreciation of the *real* against the U.S. dollar would have the opposite effect.

A significant proportion of our debt is denominated in U.S. dollars. A depreciation of the *real* against the U.S. dollar would increase our debt burden and our related financial expenses. However, we have receivables and other financial assets denominated in U.S. dollars, which would partially offset the impact that a depreciation of the *real* would have on our financial position. An appreciation of the *real* against the U.S. dollar would have the opposite effect.

Seasonality

Raízen Energia is subject to seasonal trends based on the sugarcane growing cycle in the central-south region of Brazil. The annual sugarcane harvesting period in south-central region of Brazil begins in April / May and ends in November / December. This creates variations in inventory, which is usually high in November to cover sales between harvest (*i.e.* from December to April) and a degree of seasonality in gross profit from sales of ethanol and sugar significantly lower in the quarter ending December 31. None of our other business segments are subject to significant seasonal trends.

Inflation

Inflation rates in Brazil were 6.5% in 2011, 5.8% in 2012, 5.9% in 2013, 6.4% in 2014 and 10.7% in 2015, as measured by the Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Ampliado*), or IPCA, published by IBGE. In early 2016, the inflation rate reached a level of 10.4% for the twelve-month period ending February 2016.

Inflation affects our financial performance by increasing certain of our operating expenses denominated in *reais* (and not linked to the U.S. dollar). These operating expenses include labor costs, leases, and selling and general administrative expenses. However, inflation did not have a material impact on our business for the periods presented.

Other Factors

Other factors that will impact the results of our operations include:

- Hedging transactions;
- Trade barriers in U.S., European and other markets that currently limit access to their domestic sugar industry through quotas, subsidies and restrictions on imports;
- The evolving use of ethanol derivatives as an alternative to oil derivatives and as a cleaner burning fuel, derived from renewable sources;
- Changes in international prices of oil (denominated in U.S. dollars) and related changes in the domestic prices of oil (denominated in *reais*);
- The growth rate of the global economy and its resulting corresponding growth in worldwide sugar consumption; and
- The tax policies adopted by the Brazilian government and the governments of the Brazilian states in which we operate (including tax incentives from which we benefit), and our resulting tax obligation.

Cost Structure

Our cost structure for Raízen Energia may be divided into costs that are linked to the prices of our products and costs that are not linked to the prices of our products. Two of our principal cost components, raw materials and land leases, are linked to the prices of our products. Accordingly, we adjust the prices of our products to follow fluctuations in the cost of our raw materials and leased land, substantially minimizing the impact of this cost volatility on our results of operations. In addition, another relevant portion of our costs is represented by agricultural and industrial inputs, some of which are imported and which are also subject to price fluctuations primarily as a result of exchange rate variations. As 5% of our net sales are derived from exports, a portion of fluctuations in the costs of these inputs is offset by similar fluctuations in our Brazilian and international prices, minimizing the impact of this cost volatility on our results of operations.

Our cost structure for Cosan Logística is affected by fixed and variable costs. Costs related to our property, plant and equipment incur fixed depreciation charges, which increase in line with our capital expenditure. Costs relating to the transportation of sugar and other commodities are partially dependent on sales volumes.

Our cost structure for Comgás is affected by fixed and variable costs. Costs related to our property, plant and equipment incur fixed depreciation charges which increase in line with our capital expenditure. Costs relating to the natural gas resource, costs relating to transportation and other gas services are affected by volumes sold.

Our cost structure for other segments, including Lubricants and Radar, are affected by the cost of imported base oil imported and additives for lubricants, and the cost of sales of land.

Cosan Operating Results

The following discussion of our results of operations is based on the financial information derived from our audited financial statements prepared in accordance with IFRS as issued by the IASB, unless otherwise stated. In the following discussion, references to increases or decreases in any period are made by comparison with the corresponding prior period, as applicable, except as the context otherwise indicates.

The discussion in this section is based on our unaudited interim financial statements as of and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015). The discussion in this section is also based on a comparison of our audited financial statements as of and for the fiscal years ended December 31, 2015 and 2014, and on a comparison of our audited financial statements as of and for the fiscal year ended December 31, 2014 with our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013, prepared by combining our audited income statement for the nine-month period ended December 31, 2013 (as restated, in our audited financial statements as of and for the fiscal year ended December 31, 2014, for the 2014 discontinued operation resulting from the Logistics Spin-Off) with our unaudited income statement for the three-month period ended March 31, 2013 (adjusted for the 2014 discontinued operation resulting from the Logistics Spin-Off by deducting the income statement line items derived from Rumo's historical reviewed financial statements for the three-month period ended March 31, 2013). Neither (i) the period covered by the unaudited consolidated income statement for the three-month period ended March 31, 2013 nor (ii) the period covered by the unaudited combined condensed income statement for the twelve-month period ended December 31, 2013 is a statutory reporting period.

Three-month period ended March 31, 2016 compared to the three-month period ended March 31, 2015

The table below sets forth Cosan's comparative financial information for the three-month periods ended March 31, 2016 and 2015. Cosan's results of operations for the three-month periods ended March 31, 2016 and 2015 are prepared based on segment information.

	For the Three-Month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Net sales	1,962.1	1,935.5	1.4
Cost of sales	(1,201.0)	(1,445.0)	(16.9)
Gross profit	761.0	490.5	55.1
Selling expenses	(238.5)	(219.3)	8.8
General and administrative expenses	(141.6)	(140.9)	0.6
Other income (expenses), net	(39.8)	(98.9)	(59.8)
Operating expenses	(420.0)	(459.1)	(8.5)
Income before financial results, equity income of associates and income taxes	341.0	31.5	982.5
Equity in earnings of investees	436.2	153.1	184.9
Equity in earnings of associates	(5.1)	(4.6)	10.9
Equity in earnings of joint ventures	441.3	157.7	179.8
Financial results	(449.3)	(284.7)	57.8
Finance expenses	(494.4)	(273.8)	80.6
Finance income	189.1	64.1	195.0
Foreign exchange earnings (losses), net	507.5	(568.5)	(189.3)
Derivatives	(651.6)	493.5	(232.0)

	For the Three-Month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Profit (loss) before taxes	327.9	(100.1)	(427.5)
Income tax (expense) benefits	5.1	84.5	(94.0)
(Loss) profit for the period	332.9	(15.6)	n.m.

Net sales

We report net sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI (a federal value-added tax assessed on our gross sales in the Brazilian market at rates that vary by product) and INSS (federal social contribution taxes assessed on our gross sales in the Brazilian market of our agribusiness entities at a rate of 2.85%). Deductions from gross sales in the Brazilian domestic market, which are subject to these taxes, are significantly lower than our deductions from gross sales in export markets.

The table below presents a breakdown of our net sales for the three-month periods ended March 31, 2016 and 2015:

	For the Three-Month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Radar	**22.9**	**21.6**	**6.0**
Property sale	—	1.9	—
Land lease	19.2	17.0	12.9
Other	3.7	2.7	37.0
Comgás	**1,460.0**	**1,534.1**	**(4.8)**
Industrial	1,006,0	1,027.9	(2.1)
Residential	155.4	120.9	28.5
Thermo generation	51.8	115.1	(55.0)
Cogeneration	54.5	66.0	(17.4)
Automotive	47.1	45.0	4.7
Commercial	53.3	61.6	(13.5)
Construction revenue	66.2	90.4	(26.8)
Other	25.7	7.2	256.9
Lubricants	**479.1**	**379.8**	**26.1**
Lubricants	425.9	309.7	37.5
Basic Oil	48.9	37.5	30.4
Other	4.3	32.7	86.9
Adjustments/eliminations	0.1	—	—
Net sales	**1,962.1**	**1,935.5**	**1.4**

Cosan's net sales remained stable, increasing slightly from R$1,935.5 million in the three-month period ended March 31, 2015, to R$1,962.1 million in the three-month period ended March 31, 2016, primarily due to the factors described below:

- *Comgás*. Comgás's sales decreased by 4.8%, from R$1,534.1 million in the three-month period ended March 31, 2015 to R$1,460.1 million in the three-month period ended March 31, 2016, primarily as a result of a decrease in sales volume, which was partially offset by (1) an improved sales mix in the period due to an increase in residential consumption and (2) an increase in tariffs following the ARSESP rate increase approved in May 2015.

- *Cosan Lubrificantes*. Cosan Lubrificantes's sales and services increased by 26.1%, from R$379.8 million in the three-month period ended March 31, 2015 to R$479.1 million in the three-month period ended March 31, 2016, mainly due to (1) sales volume growth of 8.1% despite the decline in industrial activity that continued to impact demand for lubricants in Brazil and (2) exchange rate effects as a

result of the appreciation of the Brazilian *real* and the translation of U.S.-dollar sales from our international operations into Brazilian *reais*.

- *Radar*. Radar's net revenue, which is comprised of sales of land and land leases, increased by 6.1%, from R$21.6 million in the three-month period ended March 31, 2015, to R$22.9 million in the three-month period ended March 31, 2016, mainly as a result of increased results from land leases in comparison to the three-month period ended March 31, 2015.

Cost of sales

Cosan's cost of sales decreased by 16.9%, from R$1,445.0 million in the three-month period ended March 31, 2015 to R$1,201.0 million in the three-month period ended March 31, 2016, primarily due to the factors described below:

- *Comgás*. The costs of Comgás's services, which corresponds to the cost of gas, transportation and construction activity to operate the gas distribution infrastructure under concession, decreased by 28.2%, from R$1,154.7 million in the three-month period ended March 31, 2015 to R$828.6 million in the three-month period ended March 31, 2016, as a result of the lower sales volume and the lower average unit cost of gas following the sharp drop in oil prices, which is the reference for our existing gas supply contracts.

- *Cosan Lubrificantes*. The costs of Cosan Lubrificantes sales and services increased by 28.9%, from R$288.6 million in the three-month period ended March 31, 2015 to R$371.9 million in the three-month period ended March 31, 2016, largely due to increased sales volumes.

Selling expenses

Cosan's selling expenses increased by 8.8%, from R$219.3 million in the three-month period ended March 31, 2015, to R$238.5 million in the three-month period ended March 31, 2016, primarily due to increased freight costs and higher marketing expenses incurred by Cosan Lubrificantes.

General and administrative expenses

General and administrative expenses consist of salaries and benefits paid to employees, taxes, expenses related to third-party services, rentals and other expenses. Cosan's general and administrative expenses remained stable, with a slight increase from R$140.9 million in the three-month period ended March 31, 2015 to R$141.6 million in the three-month period ended March 31, 2016, primarily due to an increase of general and administrative expenses for our other businesses due to costs incurred in connection with legal proceedings.

Other operating income (expenses), net

Other operating income (expenses) in the three-month period ended March 31, 2015 totaled a net expense of R$98.9 million compared with a net expense of R$39.8 million in the three-month period ended March 31, 2016, a decrease of 59.8%. This decrease was primarily due to costs for lawyers, consultants, business advisors and other related services for certain internal reorganizations and acquisitions during the first quarter of 2015 that Cosan did not incur in the corresponding period in 2016.

Equity in earnings of investees

Equity in earnings of investees, which includes equity income of associates and equity income of jointly controlled entities, increased from R$153.1 million in the three-month period ended March 31, 2015 to R$436.2 million in the three-month period ended March 31, 2016. Equity income of associates includes our interests in Tellus Brasil (51%) and Janus Brasil (51%), and other investments. Equity income of associates decreased from a loss of R$4.6 million in the three-month period ended March 31, 2015 to a loss of R$5.1 million in the three-month period ended March 31, 2016. Equity income of jointly controlled entities includes our share in the net income of operations of Raízen Combustíveis and Raízen Energia, which increased 179.8% from R$157.7 million in the three-month period ended March 31, 2015 to R$441.3 million in the three-month period ended March 31, 2016, as a result of the factors explained above for the segments Raízen Energia and Raízen Combustíveis.

Financial results

Financial results in the three-month period ended March 31, 2015 totaled a net finance expense of R$284.7 million compared with a net finance expense of R$449.3 million in the three-month period ended March 31, 2016 due to the following:

- *Finance income.* Our finance income consists primarily of: (1) gains and indexation income related to our financial investments; (2) income from financial investments; and (3) finance income related to compensation awarded in a legal proceeding against the Brazilian government.

  Finance income increased by 195.0%, from R$64.1 million in the three-month period ended March 31, 2015 to R$189.1 million in the three-month period ended March 31, 2016, due to the increase of cash and cash equivalents and the increase in the SELIC rate since a significant portion of our balance of cash and cash equivalents are in accounts that bear interest as determined by reference to, or that fluctuate in connection with, the SELIC rate.

- *Finance expenses.* Our finance expenses primarily consist of: (1) accrued interest on our indebtedness, such as debt, taxes and contingences; (2) interest and indexation charges related to our financial debt; and (3) fees, commissions and other charges paid to financial institutions.

  Finance expenses increased by 80.6%, from R$273.8 million in the three-month period ended March 31, 2015 to R$494.4 million in the three-month period ended March 31, 2016. This increase is the result of an increase in loans and borrowings at March 31, 2016 as compared to December 31, 2015, and the increase in the SELIC rate, as many of our financial liabilities bear interest at floating rates that fluctuate in connection with the SELIC rate and the mark-to-market of the fair value of the put options held by two shareholders of Rumo totaling 25,662,204 shares of Rumo, which entitle such shareholders to the right to exchange their shares in Rumo for a certain number of shares in Cosan.

- *Foreign exchange earnings (losses), net*. Foreign exchange variation totaled a net finance expense of R$568.5 million in the three-month period ended March 31, 2015 compared with net finance income of R$507.5 million in the three-month period ended March 31, 2016, primarily due to the appreciation of the U.S. dollar against the *real* and its resulting increase in our costs in *reais* to service our U.S. dollar-denominated debt.

- *Derivatives*. Derivatives changed from an income of R$493.5 million in the three-month period ended March 31, 2015 to an expense of R$651.6 million in the three-month period ended March 31, 2016. This decrease is the result of the depreciation of the *real* against the U.S. dollar and the consequent impact on our derivate instruments which are used to hedge against exchange rate fluctuations in respect of the U.S. dollar.

Income tax (expense) benefits

Income tax (expense) benefits changed from a credit of R$84.5 million in the three-month period ended March 31, 2015 to a credit of R$5.1 million in the three-month period ended March 31, 2016, mainly as a result of increased equity income of jointly controlled entities.

Profit for the period

As a result of the factors described above, our profit increased from a loss of R$15.6 million in the three-month period ended March 31, 2015 to a profit R$332.9 million in the three-month period ended March 31, 2016.

Fiscal year ended December 31, 2015 compared to fiscal year ended December 31, 2014

The table below sets forth Cosan's comparative financial information for the fiscal years ended December 31, 2015 and 2014. Cosan's results of operations for the fiscal years ended December 31, 2015 and 2014 are prepared based on segment information.

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Net sales	8,451.9	8,146.9	3.7
Cost of sales	(5,923.3)	(5,803.4)	2.1
Gross profit	2,528.6	2,343.6	7.9
Selling expenses	(919.1)	(881.5)	4.3
General and administrative expenses	(593.1)	(561.5)	5.6
Other income (expenses), net	240.7	(10.6)	(2,370.8)
Operating expenses	(1,271.5)	(1,453.6)	(12.5)
Income before financial results, equity in earnings and income taxes	1,257.1	890.0	41.2
Equity in earnings of investees	772.4	592.0	30.3
Equity in earnings of associates	(3.2)	3.5	(191.4)
Equity in earnings of joint ventures	775.6	588.4	31.8
Financial results	(1,128.1)	(945.9)	19.3
Finance expenses	(1,387.9)	(973.9)	42.5
Finance income	423.7	184.2	130.0
Foreign exchange earnings (losses), net	(623.1)	(319.0)	95.3
Derivatives	459.1	162.8	182.0
Profit (loss) before taxes	901.3	536.1	68.1
Income tax (expense) benefits	66.9	14.5	361.4
(Loss) profit from continuing operations	968.2	550.6	75.8
Profit from discontinued operations, net of tax	—	92.7	n.m.
(Loss) profit for the year	968.2	643.3	50.5

Net sales

We report net sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI (a federal value-added tax assessed on our gross sales in the Brazilian market at rates that vary by product) and INSS (federal social contribution taxes assessed on our gross sales in the Brazilian market of our agribusiness entities at a rate of 11%). Deductions from gross sales in the Brazilian domestic market, which are subject to these taxes, are significantly lower than our deductions from gross sales in export markets.

The table below presents a breakdown of our net sales for the fiscal years ended December 31, 2015 and 2014:

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Radar	**102.7**	**157.5**	**(34.8)**
Property sale	20.2	85.3	(76.3)
Land lease	69.2	60.9	13.6
Other	13.3	11.3	17.7
Comgás	**6,597.0**	**6,387.1**	**3.3**
Industrial	4,206.9	4,122.1	2.1
Residential	677.7	633.0	7.1
Thermo generation	511.9	407.7	25.6
Cogeneration	271.6	246.8	10.0
Automotive	197.3	199.8	(1.3)
Commercial	286.5	255.1	12.3
Construction revenue	408.1	481.3	(15.2)
Other	36.9	41.3	(10.7)

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Lubricants	**1,751.7**	**1,602.2**	**9.3**
Lubricants	1,514.0	1,325.5	14.2
Basic Oil	222.0	225.7	(1.6)
Other	15.7	51.0	(69.2)
Net sales	**8,451.9**	**8,146.9**	**3.7**

Cosan's net sales increased by 3.7%, from R$8,146.9 million in the fiscal year ended December 31, 2014, to R$8,451.9 million in the fiscal year ended December 31, 2015, primarily due to the factors described below:

- *Comgás*. Comgás's sales increased by 3.3%, from R$6,387.1 million in the fiscal year ended December 31, 2014 to R$6,597.0 million in the fiscal year ended December 31, 2015, primarily as a result of an increase in sales rates, pursuant to temporary tariff increases (with effect until the end of the current tariff regime) approved by ARSESP. Comgás's current tariff regime is under review by ARSESP.

- *Lubricants*. Lubricants' sales and services increased by 9.3%, from R$1,602.2 million in the fiscal year ended December 31, 2014 to R$1,751.7 million in the fiscal year ended December 31, 2015, mainly due to the depreciation of the Brazilian *real* and the consequent effects of the translation into *reais* of the average selling price of Lubricants' products sold in international operations. Such increase was partly offset by the decrease in sales volumes of 6.4%.

- *Radar*. Radar's net revenue, which is comprised of sales of land and land leases, decreased by 34.8%, from R$157.5 million in the fiscal year ended December 31, 2014, to R$102.7 million in the fiscal year ended December 31, 2015, mainly as a result of decreased volume in land sales in comparison to the fiscal year ended December 31, 2014.

Cost of sales

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Radar	(18.0)	(60.6)	70.3
Comgás	(4,580.2)	(4,494.9)	1.9
Lubricants	(1,322.3)	(1,247.8)	6.0
Cosan's other business	(2.9)	—	n.m.
Cost of sales	**(5,923.3)**	**(5,803.4)**	**2.1**

Cosan's cost of sales increased by 2.1%, from R$5,803.4 million in the fiscal year ended December 31, 2014 to R$5,923.3 million in the fiscal year ended December 31, 2015, primarily due to the factors described below:

- *Comgás*. The costs of Comgás services increased by 1.9%, from R$4,494.9 million in the fiscal year ended December 31, 2014 to R$4,580.2 million in the fiscal year ended December 31, 2015, as a result of an increase in natural gas supply prices, primarily U.S. dollar-denominated supply prices, which increased our costs as translated into *reais* as a result of depreciation of the *real* in comparison to the U.S. dollar.

- *Lubricants*. The costs of Lubricants' sales and services increased by 6.0%, from R$1,247.8 million in the fiscal year ended December 31, 2014 to R$1,322.3 million in the fiscal year ended December 31, 2015, primarily due to increased sales volumes.

- *Radar*. The costs of Radar sales and services decreased by 70.3%, from R$60.6 million in the fiscal year ended December 31, 2014 to R$18.0 million in the fiscal year ended December 31, 2015, mainly due to the decreased volume in land sales.

Selling expenses

Cosan's selling expenses increased by 4.3%, from R$881.5 million in the fiscal year ended December 31, 2014 to R$919.1 million in the fiscal year ended December 31, 2015, primarily due to increased freight costs and higher marketing expenses incurred by Lubricants.

General and administrative expenses

Cosan's general and administrative expenses increased by 5.6%, from R$561.5 million in the fiscal year ended December 31, 2014 to R$593.1 million in the fiscal year ended December 31, 2015, primarily due to an increase of general and administrative expenses for services rendered by third parties to Comgás, offset in part by a decrease in payroll expenses for Radar.

Other income (expenses), net

Other income (expenses), net in the fiscal year ended December 31, 2014 totaled a net expense of R$10.6 million compared with a net income of R$240.7 million in the fiscal year ended December 31, 2015. This increase was primarily due to fees for lawyers, consultants, business advisors and other related services for certain internal reorganizations and acquisitions during 2015.

Equity in earnings of investees

Equity in earnings of investees, which includes equity income of associates and equity income of jointly controlled entities, increased by 30.3%, from R$592.0 million in the fiscal year ended December 31, 2014 to R$772.4 million in the fiscal year ended December 31, 2015. Equity income of associates includes our interests in Tellus Brasil (51%) and Janus Brasil (51%), and other investments. Equity income of associates decreased from a gain of R$3.5 million in the fiscal year ended December 31, 2014 to a loss of R$3.2 million in the fiscal year ended December 31, 2015, mainly due to land acquisition costs. Equity income of jointly controlled entities includes our share in the results of operations of Raízen Combustíveis and Raízen Energia, which increased 31.8% from R$588.4 million in the fiscal year ended December 31, 2014 to R$775.6 million in the fiscal year ended December 31, 2015, as a result of the factors explained in detail above for the segments Raízen Energia and Raízen Combustíveis.

Financial results

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Finance expenses	(1,387.9)	(973.9)	42.5
Finance income	423.7	184.2	130.0
Foreign exchange losses, net	(623.1)	(319.0)	95.0
Derivatives	459.1	162.8	182.0
Financial results, net	**(1,128.1)**	**(945.9)**	**19.3**

Financial results in the fiscal year ended December 31, 2014 totaled a net finance expense of R$945.9 million compared with a net finance expense of R$1,128.1 million in the fiscal year ended December 31, 2015, an increase of 19.3%, due to the following:

- *Finance income.* Finance income increased by 130.0%, from R$184.2 million in the fiscal year ended December 31, 2014 to R$423.7 million in the fiscal year ended December 31, 2015, due to the increase of cash and cash equivalents and the increase in the SELIC rate since a significant portion of our balance of cash and cash equivalents are in accounts that bear interest as determined by reference to, or that fluctuate in correlation with, the SELIC rate.

- *Finance expenses.* Finance expenses increased by 42.5%, from R$973.9 million in the fiscal year ended December 31, 2014 to R$1,387.9 million in the fiscal year ended December 31, 2015. This increase is the result of a 32% increase in loans and borrowings at December 31, 2015 as compared to December 31, 2014, and the increase in the SELIC rate, as many of our financial liabilities bear interest at floating rates that fluctuate in correlation with the SELIC rate.

- *Foreign exchange earnings (losses), net*. Foreign exchange variation totaled a net finance income of R$319.0 million in the fiscal year ended December 31, 2014 compared with a net finance expense of R$623.1 million in the fiscal year ended December 31, 2015, primarily due to appreciation of the U.S. dollar against the *real* and its resulting increase in our costs in *reais* to service our U.S. dollar-denominated debt.

- *Derivatives*. Derivatives changed from income of R$162.8 million in the fiscal year ended December 31, 2014 to income of R$459.1 million in the fiscal year ended December 31, 2015. This increase is the result of the depreciation of the *real* against the U.S. dollar and the consequent impact on our derivate instruments which are used to hedge against exchange rate fluctuations in respect of the U.S. dollar.

Income tax (expense) benefits

Income tax (expense) benefits increased from a benefit of R$14.5 million in the fiscal year ended December 31, 2014 to a benefit of R$66.9 million in the fiscal year ended December 31, 2015, mainly as a result of our operating performance and higher profit before taxes when compared to the fiscal year ended December 31, 2014.

(Loss) profit for the year

As a result of the factors described above, our profit decreased from R$643.3 million in the fiscal year ended December 31, 2014 to a loss of R$968.2 million in the fiscal year ended December 31, 2015.

Fiscal Year Ended December 31, 2014 Compared to the Unaudited Twelve-Month Period Ended December 31, 2013

Consolidated Results

The following table sets forth our income statement for the fiscal year ended December 31, 2014 and our unaudited combined condensed income statement for the twelve-month period ended December 31, 2013, prepared by combining our audited income statement for the nine-month period ended December 31, 2013 (as restated, in our audited financial statements as of and for the fiscal year ended December 31, 2014, for the 2014 discontinued operation resulting from the Logistics Spin-Off) with our unaudited income statement for the three-month period ended March 31, 2013 (adjusted for the 2014 discontinued operation resulting from the Logistics Spin-Off by deducting the income statement line items derived from Rumo's historical reviewed financial statements for the three-month period ended March 31, 2013):

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Net sales	8,146.9	7,949.7	2.5
Cost of sales	(5,803.4)	(5,721.1)	1.4
Gross profit	2,343.6	2,228.6	5.2
Selling expenses	(881.5)	(802.4)	9.9
General and administrative expenses	(561.5)	(527.5)	6.4
Other income (expense), net	(10.6)	175.5	—
Operating expense	(1,453.6)	(1,154.5)	25.9
Income before financial results, equity in earnings in and income taxes	890.0	1,074.1	(17.1)
Equity in earnings of investees	592.0	340.1	74.0
Equity in earnings of associates	3.5	4.0	(12.5)
Equity in earnings of joint ventures	588.4	336.1	75.1
Financial results	(945.9)	(890.3)	6.2
Profit (loss) before taxes	536.1	524.0	2.3
Income tax expense (current)	(120.9)	(142.5)	(15.2)
Income tax benefits (deferred)	135.4	63.7	112.6

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
Income tax (expense) benefits	14.5	(78.7)	—
Profit from continuing operations	550.6	445.3	23.6
Profit from discontinued operations, net of tax	92.7	141.5	(34.5)
Profit for the period	643.3	586.7	9.6
Net income attributable to non-controlling interests	(351.3)	(325.4)	8.0
Net income attributable to our owners (including discontinued operations)	292.0	261.3	11.7

Net sales

The table below presents a breakdown of our net sales, or sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI and INSS as described above, for the fiscal year ended December 31, 2014 and the unaudited twelve-month period ended December 31, 2013:

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Radar	**157.5**	**70.1**	**124.8**
Property sale	85.3	5.7	1396.5
Land lease	60.9	64.4	(5.4)
Other	11.3	—	—
Comgás	**6,387.1**	**6,336.6**	**0.8**
Industrial	4,122.1	4,012.5	2.7
Residential	633.0	636.8	(0.6)
Thermo generation	407.7	296.8	37.4
Cogeneration	246.8	255.8	(3.5)
Automotive	199.8	196.2	1.8
Commercial	255.1	235.8	8.2
Construction revenue	481.3	671.6	(28.3)
Other	41.3	31.1	32.8
Lubricants	**1,602.2**	**1,542.9**	**3.8**
Lubricants	1,325.5	1,364.2	(2.8)
Basic Oil	225.7	168.4	34.0
Other	51.0	10.2	400.0
Net sales	**8,146.9**	**7,949.7**	**2.5**

The changes in the various components of our net sales are described as follows:

Radar. Radar's revenues are derived from sales of land and land leases. Radar's net sales totaled R$157.5 million in the fiscal year December 31, 2014. This represented a 124.8% increase as compared to net sales of R$70.1 million in the unaudited twelve-month period ended December 31, 2013, mainly due to increased results from land sales during 2014 as compared to 2013.

Comgás. Comgás's revenues in the fiscal year ended December 31, 2014 increased 0.8% to R$6,387.1 million, from R$6,336.6 million in the unaudited twelve-month period ended December 31, 2013, due to the increase in the average sales price of natural gas based on tariffs set by Comgás's regulator, ARSESP.

Lubricants. The net revenue of the lubricants business was R$1,602.2 million in the fiscal year ended December 31, 2014, an increase of 3.8% compared to R$1,542.9 million in the unaudited twelve-month period ended December 31, 2013, due to an increase of 7.2% in volume sold in the fiscal year ended December 31, 2014.

Cost of sales

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Radar	(60.6)	(6.1)	893.4
Comgás	(4,494.9)	(4,556.6)	(1.4)
Lubricants	(1,247.8)	(1,158.4)	7.7
Cosan's other business	—	—	—
Cost of sales	**(5,803.4)**	**(5,721.1)**	**1.4**

Our total cost of sales increased by 1.4% to R$5,803.4 million during the fiscal year ended December 31, 2014, from R$5,721.1 million during the unaudited twelve-month period ended December 31, 2013 due to the factors described below:

Radar. Radar's cost of sales totaled R$60.6 million in the fiscal year ended December 31, 2014 an increase of 893.4% as compared to the unaudited twelve-month period ended December 31, 2013, due to the increased volume of land sales in 2014.

Comgás. Comgás's cost of sales totaled R$4,494.9 million in the fiscal year ended December 31, 2014 a decrease of 1.4% as compared to R$4,556.6 million in the unaudited twelve-month period ended December 31, 2013. This is due to a decrease in construction costs of 28.3%, mainly because of a lower level of investment during 2014, which was partially offset by an increase in the cost of natural gas of 3.3% due to *reais* cost increases on U.S. dollar-denominated supply contracts resulting from the depreciation of the *real* against the U.S. dollar.

Lubricants. The cost of lubricants sales totaled R$1,247.8 million in the fiscal year ended December 31, 2014, an increase of 7.7% as compared to R$1,158.4 million in the unaudited twelve-month period ended December 31, 2013, mainly due to an increase in the sales volume of lubricants by 7.2%, and to the depreciation of the *real* against the U.S. dollar, which adversely affected the cost of importing base oil.

Selling expenses

Selling expenses are primarily related to transportation costs, including freight and shipping costs for ethanol, sugar, fuel and lubricant sold in Brazil and exported, as well as storage and loading expenses of ethanol and sugar for export at our and third parties' port facilities. The major portion of our sales of ethanol in Brazil is sold at the mill to distribution companies, and therefore there are no shipping costs. Cosan Lubrificantes's lubricant marketing expenses, as well as fuel storage expenses, are also included as selling expenses.

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Comgás	(636.3)	(573.9)	10.9
Lubricants	(245.2)	(228.5)	7.3
Selling expenses	**(881.5)**	**(802.4)**	**9.9**

Selling expenses increased by 9.9% to R$881.5 million during the fiscal year ended December 31, 2014 from R$802.4 million during the unaudited twelve-month period ended December 31, 2013, due to the factors described below.

Comgás. Selling expenses increased by 10.9% to R$636.3 million during the fiscal year ended December 31, 2014 from R$573.9 million during the unaudited twelve-month period ended December 31, 2013, mainly caused by the depreciation of investments made in prior periods to expand the distribution network.

Lubricants. Selling expenses increased 7.3% in the fiscal year ended December 31, 2014, to R$245.2 million, as compared to R$228.5 million in the unaudited twelve-month period ended December 31, 2013, due primarily to an increase in freight costs.

General and administrative expenses

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Radar	(36.5)	(23.2)	57.5
Comgás	(308.4)	(309.7)	—
Lubricants	(70.7)	(73.1)	(3.3)
Cosan's other business	(145.8)	(125.6)	16
General and administrative expenses	**(561.5)**	**(527.5)**	**6.4**

Our total general and administrative expenses increased by 6.4% to R$561.5 million during the fiscal year ended December 31, 2014 from R$527.5 million during the unaudited twelve-month period ended December 31, 2013, due to the factors described below.

Radar. General and administrative expenses totaled R$36.5 million in the fiscal year ended December 31, 2014, compared with R$23.2 million in the unaudited twelve-month period ended December 31, 2013, an increase of 57.5% due primarily to an increase in employee benefit payments in connection with business restructuring activities.

Comgás. General and administrative expenses were generally stable at R$308.4 million in the fiscal year ended December 31, 2014, compared with R$309.7 million in the unaudited twelve-month period ended December 31, 2013.

Lubricants. General and administrative expenses totaled R$70.7 million in the fiscal year ended December 31, 2014, a decrease of 3.3% when compared to the unaudited twelve-month period ended December 31, 2013 due to increased allocation of overhead to the lubricants business as a consequence of increased volume of sales in this business.

Other income (expense), net

Other income, net comprises other income and expenses. Other income, net decreased from an income of R$175.5 million in the unaudited twelve-month period ended December 31, 2013 to an expense of R$10.6 million in the fiscal year ended December 31, 2014, mainly due to the costs related to internal organization and prospective acquisitions that we incurred in 2013 with lawyers, consultants, business advisors and other related services for certain reorganizations and prospective acquisitions.

Equity in earnings of associates

Equity income of associates includes our interests in Tellus Brasil (51%), Novvi Limited (50%), Janus Brasil (51%), Vertical (50%) and other investments. Equity income decreased 12.5% to R$3.5 million in the fiscal year ended December 31, 2014 from R$4.0 million in the unaudited twelve-month period ended December 31, 2013, due to decreased operating performance of these entities in the period.

Equity in earnings of joint ventures

Equity in earnings of joint ventures includes our 50% interests in Raízen Energia and Raízen Combustíveis. Equity income increased to R$588.4 million in the fiscal year ended December 31, 2014 from R$336.1 million in the unaudited twelve-month period ended December 31, 2013, as a result of the factors explained in detail above for the segments Raízen Energia and Raízen Combustíveis, which are not consolidated into our financial statements but equity accounted for, in accordance with IFRS 11.

Financial results, net

Financial results, net in the fiscal year ended December 31, 2014 totaled a net finance expense of R$945.9 million compared with net finance expense of R$890.3 million in the unaudited twelve-month period ended December 31, 2013, an increase of R$55.6 million, or 6%, due to the factors described below.

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Finance expenses	(973.9)	(987.4)	(1.4)
Finance income	184.2	189.0	(2.5)
Foreign exchange losses, net	(319.0)	(324.2)	(1.6)
Derivatives	162.8	232.3	(29.9)
Financial results, net	**(945.9)**	**(890.3)**	**6.2**

Finance expenses. Finance expenses in the fiscal year ended December 31, 2014 totaled R$973.9 million, as compared to R$987.4 million in the unaudited twelve-month period ended December 31, 2013, representing a decrease of 1.4%, mainly due to lower average indebtedness. This decrease was offset by an increase in bank charges in the period mainly due to consent fees regarding internal reorganization and prospective acquisitions.

Finance income. Finance income during the fiscal year ended December 31, 2014 decreased to R$184.2 million, from finance income of R$189.0 million during the unaudited twelve-month period ended December 31, 2013, resulting from a decrease in interest income received on financial instruments due to lower average balances of cash and cash equivalents during the period.

Foreign exchange losses, net. Foreign exchange variation, net resulted in a net exchange loss of R$319.0 million in the fiscal year ended December 31, 2014 compared to a net exchange loss of R$324.2 million in the unaudited twelve-month period ended December 31, 2013. The foreign exchange losses occurred due to the depreciation of the *real* against the U.S. dollar. Our indebtedness denominated in a foreign currency was R$4,374.9 million at December 31, 2014, compared to R$3,552.1 million at December 31, 2013.

Derivatives. Derivatives resulted in a net gain of R$162.8 million in the fiscal year ended December 31, 2014 compared with a net gain of R$232.3 million in the unaudited twelve-month period ended December 31, 2013 due to the effects on our hedges of the depreciation of the *real* against the U.S. dollar.

Income tax (expense) benefits

Income tax decreased from an expense of R$78.7 million in the unaudited twelve-month period ended December 31, 2013 to a benefit of R$14.5 million in the fiscal year ended December 31, 2014, mainly due to increased non-taxable earnings from associated companies and a tax loss credit resulting from prior periods' accumulated losses, which benefitted certain of our other investments and businesses.

Net income attributable to our owners

As a result of the foregoing, net income attributable to our owners was R$292.0 million in the fiscal year ended December 31, 2014, compared to R$261.3 million in the unaudited twelve-month period ended December 31, 2013, an increase of 11.8% after deducting net income attributable to non-controlling interests of R$351.3 million and R$325.4 million in the fiscal year ended December 31, 2014 and the unaudited twelve-month period ended December 31, 2013, respectively.

Liquidity and Capital Resources

Our financial condition and liquidity are influenced by several factors, including:

- our ability to generate cash flow from our operations;
- the level of our outstanding indebtedness and related accrued interest, which affects our net finance expenses;

- prevailing Brazilian and international interest rates, which affect our debt service requirements;
- exchange rate variations, which affect our U.S. dollar-denominated debt as well as Comgás's U.S. dollar-denominated supply agreements;
- our ability to continue to borrow funds from Brazilian and international financial institutions and to obtain pre-export financing from certain of our customers;
- our capital expenditure requirements, which consist primarily of investments in crop planting and the purchase of equipment; and
- credit ratings, including factors that may materially influence credit ratings, implications of potential changes in ratings and management's expectations; and covenant compliance, including the implications of a breach of financial or other covenants and the company's capacity for additional borrowing under its covenants.

On June 27, 2014, we transferred our shares in Raízen Energia and Raízen Combustíveis, in addition to a debenture we had issued and placed with Banco Bradesco S.A., to a newly-incorporated wholly-owned subsidiary, Cosan Investimentos. Concurrently, also on June 27, 2014, we executed an investment agreement, or the Investment Agreement, with Multisetorial II and Razac. Multisetorial II and Razac are investment funds owned by Banco Bradesco BBI S.A. and Citibank Distribuidora de Títulos e Valores Mobiliários S.A., respectively. Pursuant to this agreement, Multisetorial II and Razac subscribed and paid-in R$2.0 million of non-voting preferred shares issued by Cosan Investimentos. These preferred shares will be remunerated based on a formula designed to provide a return over 15 years equivalent to the CDI rate. In the event the accumulated remuneration falls short of the minimum amount prescribed in the formula, as at April 30, 2021, the preferred shareholders will have a put against Cosan for an amount equivalent to the value of the initial investment plus interest based on the CDI less any CDI-indexed dividends paid. The investment in the net assets of the joint ventures, Raízen Energia and Raízen Combustíveis, continue to be accounted for pursuant to the equity method without affecting the Company's 50% interest in the results of each venture. The transaction underlying the Investment Agreement has been classified as a noncurrent financial liability in our balance sheet and the statement of profit or loss reflects the CDI equivalent dividends classified as financial expenses.

Our cash needs have traditionally consisted of working capital requirements, servicing of our indebtedness, capital expenditures related to investments in operations, maintenance and expansion of plant facilities, as well as acquisitions. Our sources of liquidity have traditionally consisted of cash flows from our operations and short and long-term borrowings. We have financed acquisitions through seller financing, third-party financing or capital contributions by our shareholders. We believe our current working capital is sufficient for our present requirements and would expect to meet any potential shortfalls in our working capital needs through short- and long-term borrowings, capital contributions by our shareholders, or offerings of debt or equity securities in the domestic and international capital markets. In the three-month period ended March 31, 2016, the fiscal years ended December 31, 2015 and 2014, the cash flow used in investing activities was funded mainly by increased borrowing.

Our consolidated cash and cash equivalents (not including investment securities) amounted to R$2,660.3 million for the three-month period ended March 31, 2016 compared to R$1,861.6 million for the three-month period ended March 31, 2015. As of December 31, 2015, our consolidated cash and cash equivalents (not including investment securities) amounted to R$3,129.5 million compared to R$1,540.2 million for the fiscal year ended December 31, 2014.

Cash Flow from Operating Activities

For the three months ended March 31, 2016, net cash generated by operating activities was R$317.1 million compared to net cash generated by operating activities of R$286.8 million for the corresponding three-month period ended March 31, 2015. The variation in cash flow from operating activities between these periods was primarily due to increased cash flows related to operating results of Comgás offset by a decrease in trade payables.

The net cash flows generated by operating activities in the fiscal year ended December 31, 2015 were R$1,863.2 million, compared to R$1,000.2 million for the fiscal year ended December 31, 2014. This increase was mainly due to increased trade payables at Comgás.

The net cash flows generated by operating activities in the fiscal year ended December 31, 2014 were R$1,000.2 million, compared to R$1,235.6 million for the unaudited twelve-month period ended December 31, 2013. This decrease was mainly due to the non-cash equity income adjustment of the period, partially offset by the increase of exchange gains in the period mainly due to the increase of bank charges, impacted by the corporate restructuring and the payment of a consent fee in the period.

Cash Flow Used in Investing Activities

For the three months ended March 31, 2016, net cash generated from investing activities totaled R$143.1 million compared to net cash used in investing activities of R$79.3 million for the corresponding period in 2015 due to the dividends received from Raízen in the aggregate amount of R$671.3 million.

Net cash generated in investing activities was R$79.9 million in the fiscal year ended December 31, 2015, compared to net cash used of R$54.9 million for the fiscal year ended December 31, 2014, which variation was mainly attributable to lower capital expenditures and lower dividends received from Raízen.

Net cash used in investing activities were R$54.9 million in the fiscal year ended December 31, 2014, compared to R$532.2 million for the unaudited twelve-month period ended December 31, 2013, which variation was mainly attributable to dividends received from Raízen in the amount of R$895.7 million in the year ended December 31, 2014 compared to R$606.0 million in the twelve months ended December 31, 2013.

Cash Flow from Financing Activities

For the three months ended March 31, 2016, net cash flows from financing activities totaled R$909.2 million compared to net cash flow generated in financing activities of R$85.5 million for the corresponding period in 2015. This change was primarily due to dividends paid by Comgás during the period.

Net cash flows used in financing activities were R$407.1 million in the fiscal year ended December 31, 2015, compared to R$881.2 million in the fiscal year ended December 31, 2014, which variation was mainly due to cash generated in connection with derivative instruments on perpetual notes.

Net cash flows used in financing activities were R$881.2 million in the fiscal year ended December 31, 2014, compared to R$693.2 million for the unaudited twelve-month period ended December 31, 2013, which variation was mainly due to higher amounts of dividends distributed.

Indebtedness

As of March 31, 2016, our total outstanding loans and financings were R$9,274.5 million, we had no related party debt and our total liabilities were R$17,413.3 million. Of our total debt of R$9,274.5 million at March 31, 2016, R$1,214.7 million was short-term debt, a decrease of 1.2%, as compared to December 31, 2015. Our short-term debt, composed of our current portion of long-term debt and interest accrued, represented 13.1% of our total indebtedness at March 31, 2016. Our debt consisted of R$5,385.5 million in local currency-denominated debt and R$3,888.9 million in foreign currency-denominated debt. Our U.S. dollar-denominated debt at March 31, 2016 represented 38.9%, and our British pound sterling-denominated debt represented 3.4% of our total indebtedness. At March 31, 2016, we had no secured debt.

As of December 31, 2015, our outstanding debt totaled R$9,755.7 million, which increased 31.9% as compared to our total debt of R$7,397.6 million at December 31, 2014. Of our total debt of R$9,755.7 million at December 31, 2015, R$1,230.5 million was short-term debt. Our short-term debt represented 12.6% of our total indebtedness at December 31, 2015. Our debt consisted of R$5,894.2 million in local currency-denominated debt and R$3,861.5 million in foreign currency-denominated debt. Our U.S. dollar-denominated debt at December 31, 2015 represented 36.4%, and our British pound sterling-denominated debt represented 3.2% of our total indebtedness. At December 31, 2015, we had no secured debt.

Certain of our long-term debt agreements require us or certain of our subsidiaries, as applicable, to comply with certain financial and negative covenants, including our U.S.$200 million and U.S.$300 million 8.25% perpetual notes, our U.S.$500 million 5% notes with maturity at 2023, or the 2023 Notes, and our R$850 million 9.5% notes with maturity at 2018, or the 2018 Notes, which limits the ability of their subsidiaries to, among other things, enter into certain transactions with shareholders or affiliates, engage in a merger, sale or consolidation transactions and create liens. In addition, we and our subsidiaries are party to certain agreements that restrict our subsidiaries from

making dividend payments, including in the event of a payment default under such agreements. See "Risk Factors—Risks Relating to the Notes and the Guarantee—The Issuer does not have sufficient cash flow from operations to repay the notes. We and Comgás Holding are each a holding company with no operations other than to hold equity interests in the operating subsidiaries and joint venture discussed in this offering memorandum and depend on the cash flow and profits thereof, distributed to the guarantor in the form of dividends, in order to meet its financial obligations." In November, 2014, we launched a solicitation to seek consents for a waiver with respect to certain restrictive covenants contained in indentures in respect of the 2023 Notes and the 2018 Notes that would otherwise prevent the Comgás Spin-Off with Substitution or the Comgás Spin-Off without Substitution and result in a Default and/or Event of Default (as defined in such indentures) if the Comgás Spin-Off with Substitution or the Comgás Spin-Off without Substitution were to be consummated. On November 20, 2014, we successfully concluded the consent solicitation, receiving consents from holders of both a majority in principal amount of outstanding 2023 Notes and from holders of a majority in principal amount of outstanding 2018 Notes as required under the indentures, and accordingly such restrictive covenants have been waived with respect to the Comgás Spin-Off with Substitution or the Comgás Spin-Off without Substitution.

Cosan and its subsidiaries are subject to certain restrictive financial covenants set forth in existing loans and financing agreements. As of the date of this offering memorandum, Cosan and its subsidiaries were in compliance with their debt covenants.

The principal financing activities for fiscal year ended December 31, 2015 and the first quarter of 2016 are described below:

- On March 9, 2015, Comgás entered into a loan agreement with Scotiabank in the aggregate amount of U.S.$75.0 million, to be used for general corporate purposes;
- On September 4, 2015, Comgás entered into a loan agreement with BNDES in the aggregate amount of R$370.6 million, to support part of its investment plan for the years 2015 to 2017;
- On November 17, 2015, we entered into a term loan facility with Bank of America N.A. in the aggregate amount of U.S.$100.0 million with interest of LIBOR plus 2.75% per annum, payable in four installments. The principal amount of this facility is payable at maturity on November 23, 2016. This facility includes certain covenants, including a negative pledge and change of control provision, and is guaranteed by Cosan Lubrificantes. On the same date, we entered into a related swap agreement with Bank of America Merrill Lynch Banco Multiplo S/A, which incorporates by reference the covenants contained in the term loan facility; and
- On December 15, 2015, Comgás issued its 4th issuance of simple, unsecured, non-convertible debentures. The net proceeds of this issuance of R$591.8 million will be used to finance the expansion plan and support plan, and includes investments in information technology projects.

For additional information relating to the indebtedness of Comgás, see "Management's Discussion and Analysis of Results of Operations and Financial Condition of Comgás—Liquidity and Capital Resources—Indebtedness."

The table below shows the profile of our debt instruments, in R$ millions, as of March 31, 2016:

	Interest			
Description	Index	Actual interest rate (%)	March 31, 2016	Maturity date
Senior Notes Due 2018	Fixed	9.50	854.9	Mar-18
Senior Notes Due 2023	Dollar (U.S.$)	5.00	1,811.4	Mar-23
BNDES	TJLP	8.25	190.6	Oct-18
BNDES	SELIC	14.61	316.6	Oct-20
BNDES	TJ462	8.30	770.5	Oct-20
Perpetual notes	Dollar (U.S.$)	8.25	1.801.5	—
FINAME	Fixed	5.5	0.1	Sep-18
Foreign loans	LIBOR UK semiannual	3.88	279.8	Dec-19
EIB (European Investment Bank)..	Dollar (U.S.$)	2.08	779.3	Sep-21
Law No. 4,131 **	Dollar (U.S.$)	3.11	144.7	Nov-16
Law No. 4,131 **	Dollar (U.S.$) + LIBOR	2.75	359.2	Nov-16
Law No. 4,131 **	Dollar (U.S.$) + LIBOR	2.40	439.5	Mar-18
Non-convertible debentures	CDI	11.81	128.9	Sep-19
Non-convertible debentures	Fixed rate + IPCA	13.84	1,119.8	Sep-20

Description	Interest		March 31, 2016	Maturity date
	Index	Actual interest rate (%)		
Non-convertible debentures	CDI	—	—	
FINEP ***	Fixed	5.00	130.1	Nov-20
Other		—	147.6	—
Consolidated Debt			**9,274.5**	
Current			**1,214.7**	
Non-current			**8,059.8**	

* FINAME: Machinery and Equipment Financing Program. Under FINAME, the principal is secured by liens on the financed assets.

** Law No. 4,131: funds raised outside of Brazil with several financial institutions, under Law No. 4,131 of September 3, 1962.

*** FINEP: Modality of Financing Program.

Working Capital

As of March 31, 2016, working capital totaled R$1,329.3 million compared to working capital of R$1,065.2 million as at March 31, 2015, representing an increase of 24.8%. Our working capital is subject to fluctuation in part due to how we record provisions for a legal claim Comgás has filed against Petrobras for equal treatment under its firm gas supply agreement with Petrobras. Since February 2014, Comgás records provisions for civil litigation in connection with the disputed amount each month. However, because Comgás currently maintains a bank guarantee for the disputed amounts instead of making judicial deposits, we are not able to record a corresponding asset on our balance sheet. See note 13 to the audited financial statements of Comgás as of and for the year ended December 31, 2015. The effect of this accounting treatment results in an increase in our current liabilities and, therefore, a decrease in our working capital. Our working capital may also fluctuate between periods due to fluctuations in our indebtedness, including due to accrued but unpaid interest and exchange rate variations.

As of December 31, 2015, we had working capital of R$1,820.8 million, compared to R$863.2 million as at December 31, 2014. The difference between the position at December 31, 2015 and December 31, 2014 was primarily attributable to our balance of cash and cash equivalents, higher level of inventories and assets (agricultural properties) held for sale.

Capital Expenditures

For the three months ended March 31, 2016, our consolidated capital expenditures in property, plant and equipment and intangible assets, totaled R$104.4 million compared to capital expenditures of R$150.7 million for the corresponding period in 2015. Our capital expenditures in property, plant and equipment and intangible assets, were R$608.7 million during the fiscal year ended December 31, 2015, compared to R$973.1 million during the fiscal year ended December 31, 2014. Our capital expenditure program is currently focused on the following areas:

Comgás

Comgás has been investing in its network expansion and, during the fiscal year ended December 31 2015, we invested R$521.3 million, of which 73% was associated with expansion programs and 27% was related to network support investments in order to reinforce, restore and renovate the existing distribution network. In 2016, we expect to invest approximately R$500 million, of which approximately 70% is associated with expansion programs and approximately 30% is related to network support investments.

Contractual Commitments

As of December 31, 2015, through our subsidiary Comgás, we have contractual commitments for the acquisition of intangible assets of R$521.2 million for the support and administration of the gas distribution network, as well as administrative and technology costs. We expect to fund such commitments through cash from operations.

Off Balance Sheet Arrangements

Acquisition of assets

Following the postponement of the 2014 Five-Year Tariff Review 2014 as a result of the publications of ARSESP Resolutions No. 493 and No. 494, both of which were published on May 27, 2014, which approved the "Tariff Review Process of Gas distribution companies in the State of São Paulo, defining event schedule," and the "Provisional adjustment of marketing margins of São Paulo Gas Company—COMGÁS," we are not subject to any set regulatory commitment to purchase assets as of December 31, 2015 and 2014.

Contractual Obligations

The following table sets forth the maturity schedule of our material contractual financial obligations (contracted undiscounted cash flows basis) at March 31, 2016:

	Total	Less than 1 year	1 to 2 years	3 to 5 years	More than 5 years
			(in R$ millions)		
Long-term debt obligations (1)	15,415.3	1,641.1	2,408.1	5,453.9	5,912.2
Trade payables	1,391.6	1,391.6	—	—	—
Tax Amnesty and Refinancing Program – REFIS	30.8	6.6	5.5	9.8	8.9
Total	16,837.7	3,039.3	2,413.6	5,463.7	5,921.1

(1) Include future interests based on the applicable rates at March 31, 2016 and the cash flow estimate for the preferred shares.

Since March 31, 2016, there have been no material changes to the contractual obligations described above.

Quantitative and Qualitative Disclosures About Market Risk

Risk Management

We consider market risk to be the potential loss arising from adverse changes in market rates and prices. The company, its subsidiaries and jointly-controlled entities are exposed to market risks, chief of which are: (1) credit risk; (2) liquidity risk; (3) commodities risk; (4) interest rate risk; and (5) foreign currency exchange rate risk. In order to manage market risks, we have adopted policies and procedures which establish limits and monitor risk exposure, counterparties and approve financial instruments. Risk and financial instrument management activities are carried out through the definition of strategies, establishment of control systems and determination of limits to exposure to market risks. We periodically review our exposure to market risks and determine at the senior management level how to manage and reduce the impact of these risks.

We use derivatives solely to manage market risk, especially commodity price and foreign exchange rate fluctuations. Although the value of these hedge instruments varies, these variations are usually offset by the value of the related hedged item. The parties to these agreements are mainly trade boards and trading companies in the case of futures, options and price setting, and major financial institutions in the case of foreign exchange derivatives and interest rate swaps. The company does not use derivatives or other hedge instruments for speculative purposes.

As a result, we do not believe that we are subject to any material credit risk arising from these contracts, and accordingly, we do not anticipate any material credit related losses.

Credit Risk

Credit risk is managed through specific rules concerning client acceptance, which require credit rating checks and limits for customer exposure, applicable to all subsidiaries and jointly-controlled entities. In Raízen Energia, a letter of credit from a reputable bank is required for most of our sugar export sales. We do not believe that we are subject to any material credit risk and we do not anticipate any material credit-related losses. Management believes that any credit risk is covered by the allowance for doubtful accounts recorded in our statement of financial position.

Liquidity Risk

Liquidity risk arises where we may encounter difficulties in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, to the extent possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. We believe that our cash on hand, cash flow from operations, remaining availability under credit lines and additional funding from Brazilian and international financial institutions and funds we receive in distributions and/or loans from our subsidiaries will be sufficient to meet our ongoing operating requirements, make scheduled principal and interest payments on our outstanding loans and financing, make dividend distributions required under the Brazilian Corporate Law and fund our capital expenditures for the foreseeable future.

Commodities Risk

Mainly applicable to Raízen Energia, agricultural commodity prices and supply levels change according to unpredictable factors such as the weather, investments, government programs and policies and changes in world demand, among others. Raízen conducts sensitivity tests to estimate its exposure to these risks and uses derivatives to mitigate its exposure to sugar price oscillation in the international market. Derivative operations allow the Company to ensure an average margin for future sales. Raízen actively manages its open positions and monitors the result of these activities on a daily basis through effective mark-to-market controls and price impact simulations so that it may adjust targets and strategies due to changes in market conditions.

Based on the sugar sales volumes in the fiscal year ended December 31, 2015, a hypothetical 10% decrease or increase in unhedged prices would reduce or raise our sugar net sales (as applicable).

For risk management purposes and to evaluate the overall level of commodity price exposure, Raízen further reduces its exposure to commodity market risk related to the sugar and ethanol produced from sugarcane that is purchased from growers and sugarcane harvested from leased land, as both costs are linked to total sugar recovered, or TSR (the total amount of sugar content in the sugarcane), established by the Counsel of Cane Sugar, Sugar and Ethanol Producers of the State of São Paulo (*Conselho dos Produtores de Cana-de-açúcar, Açúcar e Álcool do Estado de São Paulo*, or CONSECANA). The price of sugarcane supplied by growers or the lease payments incurred to produce sugarcane harvested by Raízen from leased land is indexed to the market price of sugar and ethanol, which provides a partial natural hedge to domestic sugar and ethanol sales price exposure.

The table below provides information about Raízen Energia's and Raízen Combustíveis's derivative contracts that are sensitive to changes in commodity prices as of December 31, 2015. For the derivative contracts, the table presents the notional amounts in tons, the weighted average contract prices, and the total U.S. dollar contract amount by expected maturity dates.

Price Risk - Commodities Derivatives Opened as at December 31, 2015

Derivatives	Purchased / Sold	Market	Contract	Maturity	Notional		Notional	Fair value
					(units)		(R$ thousand)	
Future	Sold	NYSE LIFFE	*Sugar#5*	Feb 2016	4,700	t	7,110	(640)
Future	Sold	NYSE LIFFE	*Sugar#5*	Jul 2016	12,500	t	17,261	(2,854)
Future	Sold	NYSE LIFFE	*Sugar#5*	Sep 2016	12,500	t	17,665	(2,264)
Future	Sold	ICE	*Sugar#11*	Feb 2016	998,521	t	1,248,144	(61,166)
Future	Sold	ICE	*Sugar#11*	Apr 2016	181,111	t	211,395	(21,224)
Future	Sold	ICE	*Sugar#11*	Jun 2016	614,811	t	702,109	(72,737)
Future	Sold	ICE	*Sugar#11*	Sep 2016	821,221	t	941,485	(96,327)
Future	Sold	ICE	*Sugar#11*	Feb 2017	145,447	t	174,906	(14,161)
Future	Sold	ICE	*Sugar#11*	Apr 2017	3,099	t	3,565	(402)
Future	Sold	ICE	*Sugar#11*	Jun 2017	149,969	t	184,682	(3,936)
Future	Sold	ICE	*Sugar#11*	Sep 2017	150,477	t	184,041	(4,309)
Future	Sold	ICE	*Sugar#11*	Feb 2018	51	t	62	(2)
Accumulator	Sold	OTC	*Sugar#11*	Jun 2016	–		–	(7,680)
Accumulator	Sold	OTC	*Sugar#11*	Sep 2016	–		–	(9,853)
Sub-total of future sugar sold					3,094,407	t	3,692,425	(297,555)
Future	Purchased	NYSE LIFFE	*Sugar#5*	Feb 2016	(500)	t	(775)	49
Future	Purchased	ICE	*Sugar#11*	Feb 2016	(360,037)	t	(441,020)	31,331
Future	Purchased	ICE	*Sugar#11*	Apr 2016	(80,522)	t	(99,166)	4,257
Future	Purchased	ICE	*Sugar#11*	Jun 2016	(14,174)	t	(15,097)	2,767
Future	Purchased	ICE	*Sugar#11*	Sep 2016	(23,318)	t	(25,209)	4,260

Derivatives	Purchased / Sold	Market	Contract	Maturity	Notional		Notional	Fair value
					(units)		(R$ thousand)	
Future	Purchased	ICE	*Sugar#11*	Apr 2017	(3,099)	t	(3,549)	418
Future	Purchased	ICE	*Sugar#11*	Sep 2017	(508)	t	(625)	11
Future	Purchased	ICE	*Sugar#11*	Feb 2018	(51)	t	(63)	1
Sub-total of future sugar purchased					(482,209)	t	(585,504)	43,094
Sub-total of sugar future					2,612,198	t	3,106,921	(254,461)
Future	Sold	BM&FBovespa	Ethanol	Dec 2015	13,680	m^3	22,716	(75)
Future	Sold	BM&FBovespa	Ethanol	Jan 2016	11,880	m^3	20,285	(30)
Future	Sold	BM&FBovespa	Ethanol	Feb 2016	6,240	m^3	10,655	(16)
Future	Sold	BM&FBovespa	Ethanol	Mar 2016	1,440	m^3	2,376	-
Future	Sold	BM&FBovespa	Ethanol	May-Nov 2016	25,200	m^3	36,688	-
Future	Sold	CHGOETHNL	Ethanol	Jan 2016	6,258	m^3	36	1,887
Future	Sold	CHGOETHNL	Ethanol	Feb 2016	5,250	m^3	30	1,345
Future	Sold	CHGOETHNL	Ethanol	Mar 2016	5,502	m^3	32	1,014
Future	Sold	CHGOETHNL	Ethanol	Apr 2016	1,890	m^3	11	64
Future	Sold	CHGOETHNL	Ethanol	May 2016	1,890	m^3	11	27
Future	Sold	CHGOETHNL	Ethanol	Jun 2016	13,230	m^3	79	4,533
Future	Sold	NYMEX	Ethanol	Jan 2016	1,000	m^3	2,175	(98)
Future	Sold	NYMEX	Ethanol	Feb 2016	1,000	m^3	2,175	(34)
Future	Sold	NYMEX	Ethanol	Mar 2016	1,000	m^3	2,175	30
Sub-total of future ethanol sold futures					95,460	m^3	99,444	8,647
Future	Purchased	BM&FBovespa	Ethanol	Dec 2015	(16,680)	m^3	(27,697)	92
Future	Purchased	BM&FBovespa	Ethanol	Jan 2016	(17,850)	m^3	(30,479)	45
Future	Purchased	BM&FBovespa	Ethanol	Feb 2016	(12,600)	m^3	(21,515)	32
Future	Purchased	BM&FBovespa	Ethanol	Mar 2016	(5,550)	m^3	(9,158)	-
Future	Purchased	BM&FBovespa	Ethanol	May-Jul 2016	(900)	m^3	(1,311)	-
Future	Purchased	CHGOETHNL	Ethanol	Jan 2016	(14,112)	m^3	(80)	(2,920)
Future	Purchased	CHGOETHNL	Ethanol	Feb 2016	(5,460)	m^3	(30)	(211)
Future	Purchased	CHGOETHNL	Ethanol	Mar 2016	(5,460)	m^3	(30)	215
Future	Purchased	CHGOETHNL	Ethanol	Apr 2016	(840)	m^3	(5)	(226)
Future	Purchased	CHGOETHNL	Ethanol	May 2016	(840)	m^3	(5)	(209)
Future	Purchased	CHGOETHNL	Ethanol	Jun 2016	(8,190)	m^3	(48)	(1,384)
Future	Purchased	NYMEX	Ethanol	Jan 2016	(1,000)	m^3	(2,128)	150
Future	Purchased	NYMEX	Ethanol	Feb 2016	(1,000)	m^3	(2,128)	85
Future	Purchased	NYMEX	Ethanol	Mar 2016	(1,000)	m^3	(2,128)	21
Sub-total of future ethanol purchased					(91,482)	m^3	(96,742)	(4,310)
Physical fixed	Sold	CHGOETHNL	Ethanol	Dec2015-Sep2016	476,515	m^3	893,200	(27,718)
Physical fixed	Purchased	CHGOETHNL	Ethanol	Dec2015-Sep2016	(522,978)	m^3	(884,090)	61,687
Sub-total of physical fixed ethanol					(46,463)	m^3	9,110	33,969
Sub-total of future ethanol					(42,485)	m^3	11,812	38,306
Future	Purchased	NYMEX	Diesel	Apr 2016	(39,900)	m^3	(56,837)	(8,977)
Future	Purchased	NYMEX	Diesel	May 2016	(39,900)	m^3	(55,232)	(6,437)
Future	Purchased	NYMEX	Diesel	Jun 2016	(39,900)	m^3	(56,040)	(6,208)
Sub-total of future diesel purchased					(119,700)	m^3	(168,109)	(21,622)
Sub-total of future diesel					(119,700)	m^3	(168,109)	(21,622)
Total products - December 2015							2,950,624	(237,777)
Total products - March 2015							1,660,432	409,316

Interest Rate Risk

We have fixed and floating rate indebtedness and, therefore, we are exposed to market risk as a result of changes in interest rates. See "—Liquidity and Capital Resources—Indebtedness" for further information.

Our interest rate risk refers to the impact of an increase in the LIBOR (London Interbank Offered Rate) indexed interest rate, TJLP (Long-term Interest Rate), TR (Reference Interest Rate), IGP-M (General Market Price Index) and CDI (Interbank Deposit Certificate) indexed debt on our financial results.

As of March 31, 2016, 66.9%, or R$6,208.0 million (65.2% or R$5,462.9 million as of March 31, 2015) of our consolidated total debt outstanding was floating rate debt. As of December 31, 2015, 57.3%, or R$4,434.4 million (51.6%, or R$4,394.2 million as of December 31, 2014) of our consolidated total debt outstanding was floating rate debt.

The majority of Cosan's debt, except indebtedness of our jointly-controlled subsidiary Raízen, is dollar-denominated with fixed interest rates or *real*-denominated debts indexed to the CDI or TJLP. However, we have a

substantial amount of marketable securities indexed to the CDI, which provides a partial natural hedge to our interest rate exposure of our *real*-denominated debts.

Based on the foregoing, we believe that as of December 31, 2015, a hypothetical 10% increase in all interest rates would increase our financial expenses by R$168.8 million per year based on the net financial expenses we recorded in our consolidated statement of profit or loss for the fiscal year ended December 31, 2015.

Foreign Currency Exchange Rate Risk

The foreign exchange variations to which we are exposed are mainly related to perpetual bond issuances amounting to U.S.$500 million and the 2023 bonds issued by Cosan. We use derivatives to hedge the cash flows for payment of interest on this debt against a possible appreciation of U.S. dollar against the *real*. In addition, basic oil imports for the lubricants business are also exposed to foreign exchange variations, hedged by derivatives on a case-by-case basis.

A significant portion of the revenue of the jointly-controlled subsidiary Raízen Energia is dollar denominated. Most of Raízen Energia's costs are denominated in *reai*s and therefore, when the real appreciates against dollar, its operating margins are adversely affected. A considerable part of Raízen's debt is also denominated in dollars, exposing it to the risk of variations in the *real* to U.S. dollar exchange rate (derivative financial instruments are used to hedge the cash flows for payment of interest of these debts).

Raízen Energia has foreign exchange derivatives in order to mitigate its exposure to the effect of foreign exchange variations on its sugar and ethanol export revenues, combined with cash outlays to cover its debt commitments in foreign currency, mainly the U.S. dollar. The exchange rate derivatives together with the sugar price derivatives allow Raízen to ensure an average margin from future sales. Raízen actively manages open positions, and the results of these activities are monitored on a daily basis through effective mark-to-market controls and price impact simulations that allow Raízen to adjust targets and strategies as a result of changes in market conditions. Raízen uses financial derivative instruments to hedge foreign exchange risk.

At March 31, 2016, the value of our outstanding derivatives was R$908.9 million (R$1,127.9 million as of March 31, 2015), which comprised forward, future, swap and put option contracts as disclosed in note 23 of Cosan's unaudited financial statements at and for the three month period ended March 31, 2016. At December 31, 2015, the fair value of our outstanding currency derivatives was R$1,552.1 million (R$546.9 million in the fiscal year ended December 31, 2014), which comprised forward, future, swap and put option contracts as disclosed in note 34 of our consolidated financial statements.

As a measure of our market risk with respect to our foreign currency exposure, a hypothetical 10% appreciation of the *real* against the U.S. dollar would increase our export sales by approximately R$5.2 million per year, based on the level of our total export sales for the fiscal year ended December 31, 2015, before considering the effects on U.S. dollar derivative contracts and other dollar denominated assets and liabilities, as set forth below:

U.S. dollar financial instruments outstanding at December 31, 2015:	**Carrying Amount**	**Foreign Exchange Gain/ Loss – 25% FX rate Increase**
	(in thousands of *reais*)	
Cash and cash equivalents	123,038	30,760
Denominated debt	(5,894,172)	(1,473,543)
Denominated receivables	16,112	4,028
Denominated derivative financial instruments (net)	5,959,412	1,535,101
Contingent Consideration	(65,064)	(16,266)
Net potential impact	**139,326**	**80,080**

Hedging Transactions and Exposures

Our management has overall responsibility for the establishment and oversight of our risk management framework. Our board of directors has established the risk management committee, which is responsible for developing and monitoring our risk management policies. The committee reports regularly to our board of directors on its activities.

Our risk management policies are established to identify and analyze the risks that we face, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities. Our management, through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

In addition, our joint venture Raízen Energia hedges part of the future price risk of its sugar production, estimated to be exported and exchange rate derivative transactions, using future contracts, options and swaps. Its hedging strategy seeks to protect it from cash flow risks caused by commodities price and exchange rates fluctuations and as most of the derivative instruments have been designated for hedge accounting, Raízen Energia has not experienced material gains or losses in their financial results.

See note 31 of our consolidated financial statements for the fiscal year ended December 31, 2015 attached hereto for further information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF COMGÁS

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Presentation of Financial and Certain Other Information," "Forward-Looking Statements," and the other matters set forth in this offering memorandum. The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto included elsewhere in this offering memorandum, as well as the information presented under "Presentation of Financial and Certain Other Information" and "Selected Financial and Other Information."

For purposes of this "Management's Discussion and Analysis of Financial Condition and Results of Operations of Comgás" section, unless the context requires otherwise, the terms "we," "us," "our" or similar terms refer to Comgás.

Overview of Comgás

We are Brazil's largest distributor of piped natural gas (excluding thermal generation), with a network reaching over 14,000 kilometers and delivering natural gas to more than 1.6 million residential consumers in over 83 cities, as well as clients in the industrial, commercial, cogeneration, thermal plants and gas station segments. Our concession area covers regions accounting for approximately 26% of Brazil's GDP, according to IBGE, including 177 municipalities in the metropolitan regions of São Paulo, Campinas and Santos as well as the Paraíba Valley. In 2015, we distributed 4.3 billion cubic meters of natural gas (excluding thermal generation), with total net sales of R$6.6 billion.

Financial Presentation and Accounting Policies

Presentation of Financial Statements

The discussion in this section is based on our unaudited interim financial statements as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015, audited financial statements as of and for the fiscal years ended December 31, 2015 and 2014 under Brazilian GAAP and IFRS as issued by the IASB. The results of operations of Comgás have been consolidated in Cosan's financial statements since November 5, 2012.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. Such estimates and assumptions are reviewed on a continuous basis and changes are recognized in the period in which the estimates are revised and in any future periods affected. For a more complete description of these accounting measures, please refer to note 2 of Comgás's audited financial statements as of and for the fiscal year ended December 31, 2015.

A significant change in the facts and circumstances on which judgments, estimates and assumptions are based, may cause a material impact on our results and financial condition. The significant judgments, estimates and assumptions are as follows:

Public distribution rights. We possess public distribution rights with respect to the distribution of natural gas, as described in note 1 of Comgás's audited financial statements as of and for the fiscal year ended December 31, 2015. The government determines the extent of the services that we can provide as well as the price of such services. These rights allow us to charge our customers for the distribution of natural gas, as long as the government continues to grant us these rights. As such, we recognize these distribution rights as intangible assets in our financial statements.

Construction revenue. Because we operate under a concession granted by the Government of the State of São Paulo, and at the end of the concession, all of the distribution network will revert back to the Government of the State of São Paulo, the construction of the infrastructure necessary for natural gas distribution is considered to be a service rendered to the Government of the State of São Paulo, and the related income is recognized in our income

statement as construction revenue in the same amount as the cost of construction. When the concession is terminated, the assets linked to natural gas distribution services will be returned to the Government of the State of São Paulo and we will be entitled to receive an indemnity to be determined based on assessments and evaluations considering the book values to be calculated at the time, according to IFRS.

Impairment of trade receivables. A provision for impairment of trade receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. We make an individual analysis for significant debtors and on an aggregated basis for the others. If there is any evidence that we will not receive any outstanding amount, we record a provision for impairment.

Provisions. Provisions are recognized in the period when it becomes probable that there will be an outflow of resources resulting from operations or past occurrences that can be reliably estimated. The recognition requires judgment for existing facts and circumstances, which are subject to changes. Provisions are recognized when we have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance costs. Notwithstanding the possibility of outcomes outside the expected ranges in the past few years, our experience has been that the estimates used in determining the appropriate level of provisions have been materially adequate in anticipating actual outcomes.

Fair value of derivatives and other financial instruments. We hold financial instruments that are traded in active markets. We use best practices to select methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. We do not hold any available-for-sale financial assets that are not traded in active markets. Derivative instruments are recognized at fair value and exchange rate fluctuations are recognized in our income statement. Any variation in the fair value of derivative instruments is registered on our balance sheet. Derivatives protect us against fixed interest risks and exchange rate risks with respect to our indebtedness. The gain (loss) with respect to "swaps" is recognized in our financial statements as "Financial expenses" or "Financial revenue." Fluctuations in the fair value of our indebtedness are likewise recognized in our financial statements as "Financial expenses" or "Financial revenue."

Pension benefits. The present value of our pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. We determine the appropriate discount rate at the end of each year, which is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, we consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have maturities approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

Unbilled revenue. Unbilled revenue refers to the supplied portion of gas of which the measurement and billing to customers have not yet occurred.

Principal Factors Affecting Comgás's Results of Operations

In addition to the factors that are described in "Business—Comgás," our results of operations have been influenced and will continue to be influenced by the following key factors:

Brazilian Economic Environment

See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Principal Factors Affecting Cosan's Results of Operations—Brazilian Economic Environment."

Cost Structure and Amortization of Intangible Assets

Our cost structure is affected by fixed and variables costs. Costs related to natural gas procurement may be variable and fluctuate depending on market conditions. Costs related to our intangible assets incur fixed

amortization charges, which increase in line with our capital expenditures. Because we operate our principal assets under a concession agreement with the Government of the State of São Paulo, upon termination of the concession agreement, the Government of the State of São Paulo will retain a significant portion of the infrastructure we currently use in our services. Accordingly, the construction of the infrastructure necessary for natural gas distribution is considered to be a service rendered to the Government of the State of São Paulo, and accordingly, we recognize construction revenue equivalent to the cost of construction in our income statement. The financing costs directly related to the construction are also capitalized.

Our amortization of intangible assets reflects the expected use of the asset and the future economic benefits to us, which correspond to the useful lives of the assets comprising the infrastructure assets. Amortization of the intangible assets is discontinued when the related asset is fully used or written off, and no longer is included in the calculation basis of the rates for providing the concession services, whichever occurs first. When the concession is terminated, the assets linked to natural gas distribution services will be returned to the Government of the State of São Paulo and we will be entitled to receive an indemnity to be determined based on assessments and evaluations considering the book values to be calculated at the time.

Natural Gas Prices. Natural gas prices historically have been volatile and may continue to be volatile in the future. Prices for natural gas are subject to a variety of factors that are beyond our control. These factors include but are not limited to, the level of consumer demand for, and the supply of, natural gas, processing, gathering and transportation availability, statutory gas supply purchase obligations, price and availability of alternative fuel sources, weather conditions, natural disasters and political conditions or hostilities in natural gas producing regions.

In addition, natural gas supply agreements have their payment terms made up of two portions: (1) one is indexed to a basket of combustible oils in the international market and is adjusted quarterly and (2) the other is adjusted annually based on the inflation rate. Furthermore, natural gas supply agreements often take the form of a "take or pay" agreement, pursuant to which we might be required to pay the difference in amounts between the actual volume of gas supplied and the contract amount.

Exchange Rates. A significant proportion of our debt is denominated in U.S. dollars. A depreciation of the *real* against the U.S. dollar would increase our debt burden and the related financial expenses. An appreciation of the *real* against the U.S. dollar would have the opposite effect. As of March 31, 2016, 48.8%, or R$1,218.7 million of our total debt outstanding was denominated in U.S. dollars.

Comgás Operating Results

The following discussion of our results of operations is based on the financial information derived from our unaudited interim financial statements as of March 31, 2016 and for the three-month period ended March 31, 2016 (with the comparative period ended March 31, 2015) and our audited financial statements as of and for the fiscal years ended December 31, 2015 (with the comparative period ended December 31, 2014) and our audited financial statements as of and for the fiscal year ended December 31, 2014 (with the comparative period ended December 31, 2013). In the following discussion, references to increases or decreases in any year are made by comparison with the corresponding prior three-month period or prior year, as applicable, except as the context otherwise indicates.

Three-month period ended March 31, 2016 compared to Three-month period ended March 31, 2015

The table below sets forth our comparative financial information for the three-month periods ended March 31, 2016 and 2015.

	For the Three-month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Net revenue	1,460.1	1,534.1	(4.8)
Gas Sales	1,385.3	1,436.4	(3.6)
Construction revenues	66.2	90.4	(26.8)
Other revenues	8.6	7.2	19.4
Cost of assets and/or services rendered	(828.6)	(1,154.7)	(28.2)
Gas sales	(590.1)	(924.4)	(36.2)
Transportation and other gas services	(172.3)	(139.9)	23.2
Construction revenues	(66.2)	(90.4)	(26.8)

	For the Three-month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Gross profit	631.5	379.4	66.4
Other operational results	(199.4)	(212.7)	(6.3)
Selling expenses	(35.1)	(35.0)	0.3
General and administrative expenses	(162.3)	(176.4)	(8.0)
Other operational expenses	(2.0)	(1.3)	57.5
Operating income	432.0	166.7	159.1
Net financial expenses	(96.1)	(74.0)	29.9
Financial income	55.5	37.5	48.0
Financial expenses	(151.6)	(111.5)	36.0
Earnings before income tax and social contribution	336.0	92.7	262.5
Income tax and social contribution	(115.0)	(42.2)	172.5
Net income for the period	221.0	50.5	337.6

Net revenue. Revenues, representing the results of our distribution of natural gas activities in our concession region of the state of São Paulo, decreased by 4.8%, from R$1,534.1 million in the three-month period ended March 31, 2015 to R$1,460.1 million in the three-month period ended March 31, 2016, mainly as a result of decreased gas sales, for the reasons described below.

Gas sales. Gas sales decreased by 3.6%, from R$1,436 million in the three-month period ended March 31, 2015 to R$1,385.3 million in the three-month period ended March 31, 2016, primarily due to the lower sales volume, which was partially offset by the better sales mix in the period due to the recovery in residential consumption and by the increase in rates due to the tariff adjustment in accordance with the ARSESP rate increase approved in May 2015.

Construction revenue. Because we operate under a concession granted by the Government of the State of São Paulo, and at the end of the concession, all of the distribution network will revert back to the Government of the State of São Paulo, the construction of the infrastructure necessary for natural gas distribution is considered to be a service rendered to the Government of the State of São Paulo, and accordingly we recognize construction revenue in the same amount as the cost of construction. Construction revenue decreased by 26.8%, from R$90.4 million in the three-month period ended March 31, 2015 to R$66.2 million in the three-month period ended March 31, 2016, mainly as a result of lower investments during the first quarter of 2016, which amounted to R$94.1 million in the three-month period ended March 31, 2016 compared to R$123.6 million in the same period in 2015, which consequently resulted in decreased realization of revenue related to such infrastructure assets.

Costs of assets and/or services rendered. Costs of assets and/or services rendered, which corresponds to the cost of gas, transportation and construction activity for the gas distribution infrastructure under concession decreased by 28.2%, from R$1,154.7 million in the three-month period ended March 31, 2015 to R$828.6 million in the three-month period ended March 31, 2016, for the reasons described below.

Gas sales. Costs of sales related to gas sales decreased by 36.2%, from R$924.4 million in the three-month period ended March 31, 2015 to R$590.1 million in the three-month period ended March 31, 2016, mainly as a result of the lower per-unit cost of gas and the lower volume distributed in the quarter. Gas cost decreased sharply compared to the first quarter of 2015, since the reference oil prices by which our gas supply agreements are indexed decreased significantly between the periods.

Transportation and other gas services. Costs of transportation and other gas services increased by 23.2%, from R$139.9 million in the three-month period ended March 31, 2015 to R$172.3 million in the three-month period ended March 31, 2016, mainly as a result of adverse inflation adjustments on transportation costs and the depreciation of the *real* against the U.S. dollar, which adversely affected our costs in *reais* in connection with gas services agreements denominated in U.S. dollars.

Gross profit. As a result of the revenues and costs described above, gross profits increased by 66.4%, from R$379.4 million in the three-month period ended March 31, 2015 to R$631.5 million in the three-month period ended March 31, 2016.

Other operational results. Other operational results decreased by 6.3%, from R$212.7 million in the three-month period ended March 31, 2015 to R$199.4 million in the three-month period ended March 31, 2016, as described below:

Selling expenses. Selling expenses increased by 0.3%, from R$34.9 million in the three-month period ended March 31, 2015 to R$35.1 million in the three-month period ended March 31, 2016.

General and administrative expenses. General and administrative expenses decreased by 8.0%, from R$176.4 million in the three-month period ended March 31, 2015 to R$162.3 million in the three-month period ended March 31, 2016, mainly as a result of non-recurring expenses recorded during the first quarter of 2015, reduced personnel expenses quarter over quarter and improved management of general and administrative expenses.

Other operational expenses. Other operational expenses increased by 53.8%, from R$1.3 million in the three-month period ended March 31, 2015 to R$2.0 million in the three-month period ended March 31, 2016. This increase is a result of a higher inventory losses of R$1.8 million, partially offset by R$0.2 million of lower other expenses.

Financial income. Financial income increased by 48.0%, from R$37.5 million in the three-month period ended March 31, 2015 to R$55.5 million in the three-month period ended March 31, 2016, resulting from higher interest received on financial instruments due to higher average interest rates and the increased cash and cash equivalents held during the first quarter of 2016.

Financial expenses. Financial expenses increased by 36.0%, from R$111.5 million in the three-month period ended March 31, 2015 to R$151.6 million in the three-month period ended March 31, 2016, as a result of higher interest rates applicable to our indebtedness as well as an increased balance of gross debt during 2016.

Earnings before income tax and social contributions. Earnings before income tax and social contributions increased by 262.5%, from R$92.7 million in the three-month period ended March 31, 2015 to R$336.0 million in the three-month period ended March 31, 2016, as a result of the reasons described above.

Income tax and social contribution. Income tax and social contribution increased by 172.5%, from R$42.2 million in the three-month period ended March 31, 2015 to R$115.0 million in the three-month period ended March 31, 2016, mainly as a result of higher earnings before tax and social contributions described above.

Net income for the period. As a result of the factors described above, our net income increased by 337.6%, from R$50.5 million in the three-month period ended March 31, 2015 to R$221.0 million in the three-month period ended March 31, 2016.

Fiscal year ended December 31, 2015 compared to Fiscal year ended December 31, 2014

The table below sets forth our comparative financial information for the fiscal years ended December 31, 2015 and 2014.

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Net revenue	6,597.0	6,387.1	3.3
Gas Sales	6,151.9	5,865.2	4.9
Construction revenues	408.1	481.3	(15.2)
Other revenues	37.0	40.6	(8.9)
Cost of assets and/or services rendered	(4,580.2)	(4,494.9)	1.9
Gas sales	(3,525.5)	(3,580.6)	(1.5)
Transportation and other gas services	(646.6)	(433.0)	49.3
Construction revenues	(408.1)	(481.3)	(15.2)

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Gross profit	2,016.8	1,892.2	6.6
Selling expenses	(145.3)	(116.6)	24.6
General and administrative expenses	(694.9)	(714.8)	(2.8)
Other operational expenses	(6.1)	(10.9)	(44.0)
Operating income	1,170.5	1,049.9	11.5
Net financial expenses	(181.9)	(193.0)	(5.8)
Financial income	238.6	111.5	114.0
Financial expenses	(420.5)	(304.5)	38.1
Earnings before income tax and social contribution	988.7	856.9	15.4
Income tax and social contribution	(289.8)	(245.3)	18.1
Net income for the period	698.9	611.6	14.3

Net revenue. Revenues, representing the results of our distribution of natural gas activities in our concession region of the state of São Paulo, increased by 3.3%, from R$6,387.1 million in the fiscal year ended December 31, 2014 to R$6,597.1 million in the fiscal year ended December 31, 2015, mainly as a result of increased gas sales, as described below:

Gas sales. Gas sales increased by 4.9%, from R$5,865.2 million in the fiscal year ended December 31, 2014 to R$6,151.9 million in the fiscal year ended December 31, 2015. Despite a lower volume of natural gas sold in the fiscal year ended December 31, 2015 in the amount of 248 mm/m^3, an increase in tariffs, approved by ARSESP pursuant to its tariff review, and the better sales mix resulted in increases in revenue from the sale of gas.

Construction revenue. Because we operate under a concession granted by the Government of the State of São Paulo, and at the end of the concession, all of the distribution network will revert back to the Government of the State of São Paulo, the construction of the infrastructure necessary for natural gas distribution is considered to be a service rendered to the Government of the State of São Paulo, and the related income is recognized in our income statement as construction revenue in the same amount as the cost of construction. Construction revenue decreased by 15.2%, from R$481.3 million in the fiscal year ended December 31, 2014 to R$408.1 million in the fiscal year ended December 31, 2015, mainly as a result of lower investments in intangible assets during the fiscal year ended December 31, 2015, which amounted to R$521.3 million in the fiscal year ended December 31, 2015 compared to R$661.5 million in the same period in 2014, which consequently resulted in decreased realization of revenue related to such infrastructure assets.

Costs of assets and/or services rendered. Costs of assets and/or services rendered, which corresponds to the cost of gas, transportation and construction activity for the gas distribution infrastructure under concession increased by 1.9%, from R$4,494.9 million in the fiscal year ended December 31, 2014 to R$4,580.2 million in the fiscal year ended December 31, 2015, for the reasons described below:

Gas sales. Costs of sales related to gas sales decreased by 1.5%, from R$3,580.6 million in the fiscal year ended December 31, 2014 to R$3,525.5 million in the fiscal year ended December 31, 2015, mainly as a result of lower volumes sold offset by higher natural gas purchasing costs, which increased due to exchange rate variations and the increase in domestic natural gas costs, once Petrobrás availed itself of certain price increases permitted by our supply contract.

Transportation and other gas services. Costs of transportation and other gas services increased by 49.3%, from R$433.0 million in the fiscal year ended December 31, 2014 to R$646.6 million in the fiscal year ended December 31, 2015, mainly as a result of the depreciation of the *real* against the U.S. dollar during the fiscal year of 2015, which negatively impacted our U.S. dollar-denominated expenses.

Gross profit. As a result of the revenues and costs described above, gross profits increased by 6.6%, from R$1,892.2 million in the fiscal year ended December 31, 2014 to R$2,016.8 million in the fiscal year ended December 31, 2015.

Other operational results. Other operational results decreased by 0.5% from a loss of R$842.3 million in the year ended December 31, 2014 to a loss of R$846.3 million in the year ended December 31, 2015, as described below:

Selling expenses. Selling expenses increased by 24.6%, from R$116.6 million in the fiscal year ended December 31, 2014 to R$145.3 million in the fiscal year ended December 31, 2015. This increase was primarily due to the inflation in the period, higher personnel expenses and timely adjustments to the allowance for doubtful accounts and the provision for inventory losses recorded during 2015.

General and administrative expenses. General and administrative expenses decreased by 2.8%, from R$714.8 million in the fiscal year ended December 31, 2014 to R$694.9 million in the fiscal year ended December 31, 2015, mainly as a result of lower amortization expenses during 2015.

Other operational expenses. Other operational expenses decreased from R$10.9 million in the fiscal year ended December 31, 2014 to R$6.1 million in the fiscal year ended December 31, 2015.

Financial income. Financial income increased by 114.0%, from R$111.5 million in the fiscal year ended December 31, 2014 to R$238.6 million in the fiscal year ended December 31, 2015, primarily resulting from an increase in interest income received on financial instruments due to higher amounts of cash and cash equivalents during 2015, which bear interest at rates that increase in line with increases in the SELIC rate.

Financial expenses. Financial expenses increased by 38.1%, from R$304.5 million in the fiscal year ended December 31, 2014 to R$420.5 million in the fiscal year ended December 31, 2015 primarily due to an increase in interest rate expense under our indebtedness. A large portion of our debt is linked to floating interest rates and as a result, our financial expenses are adversely affected by interest rate increases, including the SELIC rate.

Earnings before income tax and social contributions. Earnings before income tax and social contributions increased by 15.4%, from R$856.9 million in the fiscal year ended December 31, 2014 to R$988.7 million in the fiscal year ended December 31, 2015, for the reasons described above.

Income tax and social contribution. Income tax and social contribution increased by 18.1%, from R$245.3 million in the fiscal year ended December 31, 2014 to R$289.8 million in the fiscal year ended December 31, 2015, mainly as a result of higher earnings before tax as described above.

Net income for the period. As a result of the factors described above, our net income increased by 14.3%, from R$611.6 million in the fiscal year ended December 31, 2014 to R$698.9 million in the fiscal year ended December 31, 2015.

Fiscal Year Ended December 31, 2014 compared to Fiscal Year Ended December 31, 2013

The table below sets forth our comparative financial information for the years ended December 31, 2014 and 2013.

	For the Year Ended December 31,		
	2014	2013	% Variation
	(in R$ millions, except percentages)		
Net revenue	6,387.1	6,336.6	0.8
Gas Sales	5,865.2	5,634.5	4.1
Construction revenues	481.3	671.6	(28.3)
Other revenues	40.6	30.5	33.3
Cost of assets and/or services rendered	(4,494.9)	(4,556.6)	(1.4)
Gas sales	(3,580.6)	(3,475.0)	3.0
Transportation and other gas services	(433.0)	(409.9)	5.6
Construction revenues	(481.3)	(671.6)	(28.3)
Gross profit	1,892.2	1,780.1	6.3
Other operational results	(842.3)	(708.2)	18.9
Selling expenses	(116.6)	(122.0)	(4.4)
General and administrative expenses	(714.8)	(643.3)	11.1

	For the Year Ended December 31,		
	2014	2013	% Variation
	(in R$ millions, except percentages)		
Other operational revenues/expenses	(10.9)	57.1	—
Operating income	1,049.9	1,071.9	(2.1)
Net financial expenses	(193.0)	(191.0)	1.0
Financial income	111.5	51.0	118.5
Financial expenses	(304.5)	(242.0)	25.8
Earnings before income tax and social contribution	856.9	880.9	(2.7)
Income tax and social contribution	(245.3)	(261.9)	(6.3)
Net income for the year	611.6	618.9	(1.2)

Net revenue. Revenues in the year ended December 31, 2014 amounted to R$6,387.1 million, an increase of 0.80% as compared to R$6,336.6 million in revenues in the year ended December 31, 2013, mainly as a result of gas sales and construction revenues as described below.

Gas sales. Gas sales increased by 4.1% from R$5,634.5 million in the year ended December 31, 2013 to R$5,865.2 million in the period ended December 31, 2014, mainly as a result of the increase in tariffs approved by ARSESP pursuant to its tariff review.

Construction revenue. Construction revenue decreased by 28.3% from R$671.6 million in the year ended December 31, 2013 to R$481.3 million in the period ended December 31, 2014, mainly as a result of fewer improvements made to our distribution network, which we record as construction revenue.

Costs of sales and service. Costs of sales and service totaled R$4,494.9 million in the year ended December 31, 2014 a decrease of 1.4% as compared to the R$4,556.6 million in costs of sales and services in the year ended December 31, 2013, as described below. The decrease was due primarily to the factors described below.

Gas sales. Costs of sales related to gas sales increased by 3.0% from R$3,475.0 million in the year ended December 31, 2013 to R$3,580.6 million in the year ended December 31, 2014, mainly as a result of the depreciation of the *real* against the U.S. dollar and the increase in the cost of natural gas due to supply agreements denominated in U.S. dollars. We purchased approximately 51% of natural gas pursuant to such supply agreements.

Transportation and other gas services. Costs related to transportation and other services increased by 5.6% from R$409.9 million in the year ended December 31, 2013 to R$433.0 million in the year ended December 31, 2014, mainly as a result of the depreciation of the *real* against the U.S. dollar described above and transportation, which negatively affected our costs in *reais* in connection with gas services agreements denominated in U.S. dollars.

Construction revenue. Costs of sales related to construction decreased by 28.3% from R$671.6 million in the year ended December 31, 2013 to R$481.3 million in the year ended December 31, 2014, mainly as a result of fewer improvements made to our distribution network.

Gross profit. Gross profits increased by 6.3% from R$1,780.1 million in the year ended December 31, 2013 to R$1,892.2 million in the year ended December 31, 2014, as a result of the factors described above.

Other operational results. Other operational results increased by 18.9% from a loss of R$708.2 million in the year ended December 31, 2013 to a loss of R$842.3 million in the year ended December 31, 2014, as described below:

Selling expenses. Selling expenses decreased by 4.4% as compared to the year ended December 31, 2013, from R$122.0 million in the year ended December 31, 2013, to R$116.6 million in the year ended December 31, 2014, primarily as a result of a lower impairment of trade receivables in 2014.

General and administrative expenses. General and administrative expenses increased by 11.1% from R$643.3 million in the year ended December 31, 2013 to R$714.8 million in the year ended December 31, 2014, mainly as a result of inflation adjustments in employment contracts and an increased provision for employee bonuses in the period.

Other operational revenues. Other operational revenues decreased from a profit of R$57.1 million in the year ended December 31, 2013 to a loss of R$10.9 million in the year ended December 31, 2014, primarily due to the non-recurring gain on the sale of a former operational site in the amount of R$66.3 million during 2013.

Financial income. Financial income increased by 118.5% from R$51.0 million in the year ended December 31, 2013 to R$111.5 million in the year ended December 31, 2014, resulting from higher interest received on financial instruments due to the increased cash and cash equivalents held during 2014.

Financial expenses. Financial expenses increased by 25.8% from R$242.0 million in the year ended December 31, 2013 to R$304.5 million in the year ended December 31, 2014, resulting from higher total debt during 2014 and higher interest rates since many of our financial liabilities are tied to floating interest rates and the interest rates on our loans and borrowings increase during periods of high interest rates, including the SELIC rate.

Earnings before income tax and social contributions. Earnings before income tax and social contributions decreased by 2.7% from R$880.9 million in the year ended December 31, 2013 to R$856.9 million in the year ended December 31, 2014 for the reasons described above.

Income tax and social contribution. Income tax and social contribution decreased by 6.3% from R$261.9 million in the year ended December 31, 2013 to R$245.3 million in the year ended December 31, 2014, mainly as a result of lower earnings before income tax and social contribution as described above.

Net income for the period. As a result of the factors described above, our net income decreased by 1.1% from R$618.9 million in the year ended December 31, 2013 to R$611.6 million in the year ended December 31, 2014.

Liquidity and Capital Resources

Our financial condition and liquidity are influenced by several factors, including:

- our ability to generate cash flow from our operations;
- the level of our outstanding indebtedness and related accrued interest, which affects our net financial expenses;
- prevailing Brazilian and international interest rates, which affect our debt service requirements;
- exchange rate variations, which can affect both our U.S. dollar-denominated debt as well as U.S. dollar denominated supply agreements;
- credit ratings, including factors that may materially influence credit ratings, implications of potential changes in ratings and management's expectations; and covenant compliance, including the implications of a breach of financial or other covenants and our capacity for additional borrowing under its covenants.

Our cash needs have traditionally consisted of working capital requirements, servicing of our indebtedness, capital expenditures related to investments in operations, maintenance and expansion of plant facilities and acquisitions. Our sources of liquidity have traditionally consisted of cash flows from our operations and short and long-term borrowings. We have financed acquisitions through seller financing, third party-financing or capital contributions by our shareholders.

In the three-month periods ended March 31, 2016 and 2015, the cash flow used in investing activities was funded principally by increased borrowing. As of March 31, 2016, our cash and cash equivalents amounted to R$2.7 billion compared to R$3.1 billion as of December 31, 2015.

Cash Flow from Operating Activities

We had net cash flows from operating activities of R$374.2 million in the three-month period ended March 31, 2016, compared to R$462.1 million in the three-month period ended March 31, 2015. This decrease was primarily attributable to improved working capital during the first quarter of 2015, related to increased levels of trade payables.

We had net cash flows from operating activities of R$1,933.1 million in the year ended December 31, 2015, compared to R$1,318.1 million in the year ended December 31, 2014. This increase was primarily attributable to improved working capital during the first quarter of 2015, related to increased levels of trade payables.

We had net cash flows from operating activities of R$1,318.1 million in the year ended December 31, 2014, compared to R$942.7 million in the year ended December 31, 2013. This variation was primarily attributable to the increase in suppliers account and reduction in the income tax paid.

Cash Flow Used in Investing Activities

Net cash flows used in investing activities was R$94.1 million in the three-month period ended March 31, 2016, compared to R$123.6 million in the three-month period ended March 31, 2015. This variation was mainly attributable to contractors' mandatory vacation leave in January and the consequent postponement of related investments.

We had net cash flows used in investing activities of R$521.3 million in the year ended December 31, 2015, compared to R$661.5 million in the year ended December 31, 2014. This change was mainly attributable to a deceleration in the rate of extension of our natural gas distribution network during 2015.

We had net cash flows used in investing activities of R$661.5 million in the year ended December 31, 2014, compared to R$791.3 million in the year ended December 31, 2013. This change was mainly attributable to the conclusion of the construction of the RETAP network during 2013 and the resulting decrease in investments during the period.

Cash Flow from Financing Activities

We had R$1,247.5 million of net cash outflows from financing activities in the three-month period ended March 31, 2016, compared to R$16.0 million of net cash outflows from financing activities in the three-month period ended March 31, 2015. The variation in cash outflows from financing activities was attributable to increased dividend payments during the first quarter of 2015.

We had R$417.9 million of net cash outflows from financing activities in the fiscal year ended December 31, 2015, compared to R$218.8 million of net cash outflows from financing activities in the fiscal year ended December 31, 2014. The variation in cash inflow from financing activities was attributable to higher dividend payments during 2015.

We had R$218.8 million of net cash outflows from financing activities in the fiscal year ended December 31, 2014, compared to R$214.9 million of net cash outflows used in financing activities in the fiscal year ended December 31, 2013. The variation in cash inflow from financing activities was attributable to interest on shareholders' equity and dividend payments during 2014.

Indebtedness

As of March 31, 2016, our outstanding debt totaled R$3.7 billion of which R$0.6 billion was short-term debt. Our short-term debt, comprised of our current portion of long-term debt and interest accrued, represented 15% of our total indebtedness at March 31, 2016. Our U.S. dollar-denominated debt at March 31, 2016 represented 33% of our total indebtedness.

Our total debt of R$3.7 billion at March 31, 2016 decreased 2% as compared to our total debt of R$3.8 billion at December 31, 2015. For a description of Comgás's principal financing activities for fiscal year ended December 31, 2015 and the first quarter of 2016, please see "Management's Discussion and Analysis of Results of Operations and Financial Condition of Cosan—Liquidity and Capital Resources—Indebtedness."

The table below shows the profile of our debt instruments:

Description	Index	As of March 31, 2016 (in R$ thousands)	Maturity Date
BNDES (Project V)	TJLP + 2.8 per year	143,152.8	June 2017
BNDES (Project VI)	TJLP + 2.8 per year	295,053.9	October 2020
BNDES (Project VI)	SELIC + 1.8 per year	772,129.1	October 2020
BNDES (Project VI)	TJLP	3,683.1	October 2018
BNDES (Project VII)	TJLP + 2.0 per year	44,262.1	June 2023
BNDES (Project VII)	Selic + 1.96 per year	22,250.1	June 2023
EIB II first disbursement	3.881 per year	237,272.8	June 2020
EIB II second disbursement	2.936 per year	107,331.9	September 2020
EIB II third disbursement	LIBOR 6M	226,338.5	May 2021
EIB II fourth disbursement	LIBOR 6M	208,334.8	September 2021
Scotiabank	2.36% per year	267,215.3	March 2018
Tokyo	2.8114 per year	175,407.8	February 2018
Third Series Debentures			
First tranche	CDI+0.9 per year	128,989.2	September 2019
Second tranche	IPCA+5.10 per year	336,590.2	September 2018
Third tranche	IPCA+5.75 per year	177,200.2	September 2020
Fourth Series Debentures			
First tranche	IPCA+7.1432 per year	283,108.7	December 2020
Second tranche	IPCA+7.4820 per year	254,710.1	December 2022
Third tranche	IPCA+7.3570 per year	83,941.1	December 2025

We set forth below our principal financing agreements as of March 31, 2016.

Banco Nacional de Desenvolvimento Econômico e Social – BNDES

As of March 31, 2016, we were a party to three material financing agreements with the BNDES.

On June 9, 2009, we entered into a financing facility with BNDES in the amount of R$664.6 million with interest of TJLP plus 2.8% per year. As of March 31, 2015, the effective interest rate of this facility was 7.80%. The maturity date of this facility is June 15, 2017. This facility is guaranteed by a bank guarantee letter.

On October 2, 2012, we entered into a financing facility with BNDES in the amount of R$1,135.2 million to be paid substantially from the Worker's Support Fund (*Fundo de Amparo ao Trabalhador*). The loan is divided into subcredits: (1) Subcredit A in the amount of R$775.8 million with interest of TJLP plus 1.8% per year with a 63-month term and amortization beginning on August 15, 2015; (2) Subcredit A1 in the amount of R$227.9 million with interest of SELIC plus 1.8% per year with a 63-month term and amortization beginning on August 15, 2015; (3) Subcredit B in the amount of R$97.3 million with interest of TJLP plus 2.8% per year with a 63-month term and amortization beginning on August 15, 2015; (4) Subcredit B1 in the amount of R$28.6 million with interest of SELIC plus 2.8% per year with a 63-month term and amortization beginning on August 15, 2015; and (5) Subcredit C in the amount of R$5.6 million with interest of TJLP with a 48-month term and amortization beginning on November 15, 2014. The final maturity date of this facility is October 15, 2020. This facility is guaranteed by three bank guarantee letters.

On September 4, 2015, we entered into a financing facility with BNDES in the amount of R$370.7 million to be paid substantially from the Worker's Support Fund (*Fundo de Amparo ao Trabalhador*). The loan is divided into

subcredits: (1) Subcredit A in the amount of R$92.2 million with interest of TJLP plus 2.0% per year with a 60-month term and amortization beginning on July 15, 2018; (2) Subcredit B in the amount of R$153.7 million with interest of TJLP plus 2.0% per year with a 60-month term and amortization beginning on July 15, 2018; (3) Subcredit C in the amount of R$122.9 million with interest of SELIC plus 2.0% per year with a 60-month term and amortization beginning on July 15, 2018; and (4) Subcredit C in the amount of R$1.8 million with interest of TJLP with a 60-month term and amortization beginning on July 15, 2018. The final maturity date of this facility is June 15, 2023. This facility is guaranteed by three bank guarantee letters.

Scotiabank

On March 9, 2015, Comgás entered into a loan agreement with Scotiabank in the amount of U.S.$75.0 million with interest of 2.363%, payable semi-annually and at maturity. The principal amount of this loan will be payable at maturity on March 12, 2018. This loan agreement is subject to certain restrictive financial covenants, as well as restrictions on dividend payments from Comgás to Cosan following any payment default and change of control provisions. On the same date, we entered into a related swap agreement with Scotiabank Brasil S.A. Banco Multiplo.

European Investment Bank (EIB)

On March 26, 2010, we entered into a financing agreement with EIB in the amount of €100.0 million in two tranches. Interest on the first tranche is 3.881% and on the second tranche is 2.936%. The maturity on the first tranche occurs in June 2020 and the second tranche occurs in September 2020. On November 24, 2010, we entered into a financing agreement with EIB in the amount of €100.0 million in two tranches. Interest on the loan is six month LIBOR. The maturity of the first tranche is May 2021 and on the second tranche is September 2021. Both of these financing agreements were entered into in connection with the expansion, maintenance and rehabilitation of our natural gas distribution network.

Debentures

On October 16, 2013, we issued a third series of debentures in the total amount of R$540.0 million with maturity dates in September 2019 for the first tranche, September 2018 for the second tranche and September 2020 for the third tranche. The proceeds of this issuance of debentures were used primarily to pay the promissory notes that were taken to finance our expansion and maintenance program for our distribution network in the state of São Paulo. Pursuant to the third series of debentures, we must comply with the following ratios: (1) interest bearing Net Debt/EBITDA of a maximum of 4.0, and (2) short term debt/total debt of a maximum of 0.6.

On December 15, 2015, we issued a fourth series of debentures in the total amount of R$591.9 million with maturity dates in December 2020 for the first tranche, December 2022 for the second tranche and December 2025 for the third tranche. The proceeds of this issuance of debentures were used primarily to finance our expansion and maintenance program for our distribution network in the state of São Paulo. Pursuant to the fourth series of debentures, we must comply with the following ratios: (1) interest bearing Net Debt/EBITDA of a maximum of 4.0, and (2) short term debt/total debt of a maximum of 0.6.

Working capital facilities

As of March 31, 2016, R$439.5 million of our outstanding balance financings were related to working capital facilities entered into with leading financial institutions, including Bank of Tokyo-Mitsubishi UFJ and Scotiabank. Interest on these facilities are 2.8114% per year and 2.78% per year, respectively, and their maturities are February 2018 and March 2018, respectively. We have not provided any guarantee in connection with these facilities.

Certain of our long-term debt agreements, require us or certain of our subsidiaries, as applicable, to comply with certain covenants, including limitations on our ability and the ability of subsidiaries to, among other things, enter into certain transactions with shareholders or affiliates, engage in a merger, sale or consolidation transactions and create liens. In addition, we and our subsidiaries are party to certain agreements that restrict our subsidiaries from making dividend payments, including in the event of a payment default. See “Risk Factors—Risks Relating to the Notes and the Guarantee—The Issuer does not have sufficient cash flow from operations to repay the notes. We and Comgás Holding are each a holding company with no operations other than to hold equity interests in the operating subsidiaries and joint venture discussed in this offering memorandum and depend on the cash flow and profits thereof, distributed to the guarantor in the form of dividends, in order to meet its financial obligations.” As of the

date of this offering memorandum, we were in compliance with the terms of all of our outstanding financing agreements.

For additional information related to our indebtedness, see note 12 to Comgás's financial statements as of and for the fiscal years ended December 31, 2015 and 2014.

Working Capital

As of March 31, 2016, we had working capital of R$(174.9) million, compared to R$742.0 million as at December 31, 2015. Our working capital is subject to fluctuation in part due to how we record provisions for a legal claim we have filed against Petrobras for equal treatment under our firm gas supply agreement with Petrobras. Since February 2014, we record provisions for trade payables in connection with the disputed amount each month. However, because we currently maintain a bank guarantee for the disputed amounts instead of making judicial deposits, we are not able to record a corresponding asset on our balance sheet. See note 13 to the audited financial statements of Comgás as of and for the years ended December 31, 2015. The effect of this accounting treatment results in an increase in our current liabilities and, therefore, a decrease in our working capital. Our working capital may also fluctuate between periods due to fluctuations in our indebtedness, including due to accrued but unpaid interest and exchange rate variations.

We believe our current liquidity and our cash flow from operations will be sufficient to meet our working capital requirements for at least the next 12 months.

Capital Expenditures

We invest in our network expansion and in the three-month period ended March 31, 2016, we invested R$94.1 million, of which 75% was directed toward programs to expand the distribution network. We expect that our total capital expenditures for the year ended December 31, 2016 will be between R$470 million and R$520 million.

Our capital expenditures for the three-month period ended March 31, 2016 and the fiscal years ended December 31, 2015 and 2014 amounted to R$94.1 million, R$521.3 million and R$661.5 million, respectively.

Quantitative and Qualitative Disclosure on Market Risk

Risk Management

We consider market risk to be the potential loss arising from adverse changes in market rates and prices. We are exposed to market risks, chief of which are: (1) credit risk; (2) liquidity risk; (3) interest rate risk rates; and (4) foreign currency exchange rate risk. In order to manage market risks, we have adopted policies and procedures which establish limits and monitor risk exposure, counterparties and approve financial instruments. Risk and financial instrument management activities are carried out through the definition of strategies, establishment of control systems and the determination of limits to exposure to market risks. We periodically review our exposure to market risks and determine at the senior management level how to manage and reduce the impact of these risks.

We use derivatives solely to manage market risk, especially foreign exchange rate fluctuations. Although the value of these hedge instruments varies, these variations are usually offset by the value of related hedged item. The parties to these agreements are mainly major financial institutions in the case of foreign exchange derivatives and interest rate swaps. We do not use derivatives or other hedge instruments for speculative purposes.

As a result, we do not believe that we are subject to any material credit risk arising from these contracts, and accordingly, we do not anticipate any material credit related losses.

Credit Risk

Credit risk is managed through specific rules concerning client acceptance, which require credit rating checks and limits for customer exposure. We do not believe that we are subject to any material credit risk and we do not anticipate any material credit-related losses. Management believes that any credit risk is covered by the allowance for doubtful accounts recorded in our balance sheet.

Liquidity Risk

Liquidity is the risk that we may encounter difficulties in meeting the obligations associated with our financial liabilities that are settled in cash or other financial assets. We manage our liquidity as to ensure, to the extent possible, that we always have sufficient liquidity to meet our obligations at a reasonable cost. We do not believe that we are subject to any material liquidity risk.

Interest Rate Risk

We have floating rate indebtedness, and, therefore, we are exposed to market risk as a result of changes in interest rates. See "—Liquidity and Capital Resources—Indebtedness" above for further information.

Our interest rate risk refers to the impact of an increase in the LIBOR (London Interbank Offered Rate) indexed interest rate, TJLP (Long-term Interest Rate), TJ462 (*Taxa de Juros Medida Provisória 462*), SELIC and CDI (Interbank Deposit Certificate) indexed debt on our financial results. A portion of our debentures accrue interest indexed to the IPCA.

As of March 31, 2016, 100.0%, or R$3,745.2 million of our total debt outstanding was floating rate debt. As of December 31, 2015, 100.0%, or R$3,823.0 million of our consolidated total debt outstanding was floating rate debt.

Based on the foregoing, we believe that as of March 31, 2016, a hypothetical 25% increase in all interest rates would increase our financial expenses by R$136.9 million per year based on the net financial expenses we recorded in our income statement for the three-month period ended March 31, 2016.

Foreign Currency Exchange Rate Risk

We enter into non-deliverable forwards contracts and swap agreements to mitigate our foreign currency risks of certain cash flows denominated in foreign currencies and to manage the portion of our assets and liabilities that are pegged to foreign currencies. Certain agreements include swaps for interest rate as well as foreign currency risks. If there are no swaps available in the financial market to cover the full term of the transaction, we will enter into a swap agreement for the term available. Currently, we are authorized to enter into non-deliverable forwards and swap agreements only in connection with protecting our shareholders' equity.

As of March 31, 2016, 32.5%, or R$1.2 billion of our total debt outstanding was denominated in currency other than *reais*.

Based on the foregoing, we believe that as of March 31, 2016, a hypothetical 25% devaluation in the *real* should not affect our financial expenses on the net financial expenses we recorded in our income statement for the three-month period ended March 31, 2016, mainly due to the fact that substantially all of our indebtedness exposed to foreign currency is fully hedged.

BUSINESS

For purposes of this business section, unless the context requires otherwise, the terms "we," "us," "our" or similar terms refer to Cosan and its subsidiaries including Comgás, except in the section entitled "—Comgás," where such terms refer only to Comgás.

Overview

We are an integrated energy and infrastructure company and a market leader in fuel distribution, sugar and ethanol production and natural gas distribution. Our main operations include:

Comgás

We hold a 61.33% stake of the total capital stock of Comgás, through which we distribute piped natural gas in the state of São Paulo through Comgás pursuant to a 30-year, long-term concession with an optional 20-year renewal, subject to certain conditions. Comgás is the largest supplier of natural gas in Brazil (excluding thermal generation) with an approximate 26% market share in Brazil in terms of volume sold in 2015, according to ABEGAS. Comgás operates a pipeline network reaching over 14,000 kilometers and delivering natural gas to more than 1.6 million residential consumers in over 83 cities, as well as clients in the industrial, commercial, cogeneration, thermal power plants and gas station segments. In 2015, Comgás distributed approximately 4.3 billion cubic meters of natural gas (excluding thermal generation) in the metropolitan regions of São Paulo, Campinas and Santos, as well as the Paraíba Valley.

Comgás's concession area covers regions in the state of São Paulo that account for approximately 26% of Brazil's gross domestic product, or GDP, according to IBGE. The concession area includes 177 municipalities and the metropolitan regions of the city of São Paulo, Campinas and Santos, as well as the Paraíba Valley. The map below shows the concession area in which Comgás operates and its proximity to the offshore natural gas fields in the Santos basin (*Bacia de Santos*) which serves its supply:



Comgás's natural gas distribution activities are mainly focused on the following business lines:

- *Residential, commercial and industrial distribution*: involves the distribution of natural gas to residential, commercial and industrial customers;
- *Automotive fuel*: involves the distribution of natural gas as automotive fuel;
- *Thermal power generation*: involves the distribution of natural gas for use in the generation of electrical energy through the burning of natural gas; and
- *Cogeneration*: involves the simultaneous production of thermal and electrical energy as a by-product of natural gas-generated electrical energy.

Comgás recorded R$6,597.0 million in revenues for the fiscal year ended December 31, 2015, representing 78.1% of our consolidated revenues in 2015.

Raízen Combustíveis

We distribute fuels in the Brazilian market through Raízen Combustíveis, Cosan's downstream 50/50 joint venture company formed with Shell on June 1, 2011. Through Raízen Combustíveis, Cosan is engaged in sourcing, storing, blending and distributing gasoline, ethanol, diesel, fuel oil and aviation fuel through a network of 5,800 Shell-branded retail service stations, (950 of which feature integrated convenience stores), 69 distribution terminals and 59 airport terminals supplying aviation fuel. We are currently among the three largest Brazilian fuel distributors, with an approximate 25% market share in Brazil in terms of volume of fuel sold in 2015, according to Sindicom. Raízen Combustíveis recorded R$61,413.0 million in revenues for the fiscal year ended December 31, 2015.

Raízen Energia

We produce and sell sugar and ethanol and cogenerate electricity from sugarcane bagasse through Raízen Energia, Cosan's upstream 50/50 joint venture company with Shell. Raízen Energia's core business is the production and sale of a variety of products derived from sugarcane, including raw sugar, anhydrous and hydrous ethanol, as well as activities related to energy cogeneration from sugarcane bagasse and ethanol trading. Raízen Energia operates 24 sugar, ethanol and energy cogeneration mills, with a current crushing capacity of approximately 68 million tons of sugarcane per year. Raízen Energia recorded R$11,080.8 million in revenues for the fiscal year ended December 31, 2015.

Cosan Lubrificantes

We manufacture and distribute lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, and in the European and Asian markets under the Comma brand. Cosan Lubrificantes is responsible for the manufacturing and distribution of passenger vehicle lubricants, commercial vehicle lubricants, industrial lubricants and special application products such as greases, cutting oils and car care products. Cosan Lubrificantes recorded R$1,751.7 million in revenues for the fiscal year ended December 31, 2015, representing 20.7% of our consolidated revenues in 2015.

Radar

We purchase, lease and sell agricultural land through Cosan's subsidiary, Radar. Radar focuses on maximizing earnings from agricultural real estate assets by leveraging Cosan's unique market intelligence to acquire rural properties with high expected appreciation potential for subsequent leasing or resale. Radar leases its land for sugarcane, soybean, corn and cotton farming. As of the date March 31, 2016, Radar manages approximately 104 thousand hectares (or 257 thousand acres) of owned agricultural land and also has approximately 184 thousand hectares (or 455 thousand acres) of non-owned land under management in the states of São Paulo, Goiás, Mato Grosso, Maranhão, Minas Gerais, Tocantins, Bahia and Piauí. The total market value of Radar's portfolio was R$5.6 billion as of December 31, 2015. Radar recorded R$102.7 million in revenues in 2015, representing 1.2% of our consolidated revenues in 2015.

Competitive Strengths

We believe that, as a low-cost, large-scale producer with well-established integrated operations in the energy and infrastructure sectors, we can capitalize on favorable trends, particularly in light of the following competitive strengths:

Leadership in the markets where we operate

We enjoy leading market positions in all of the markets in which we operate, including:

- *Natural Gas Distribution*: following our acquisition of control of Comgás, we, through Comgás, are the largest natural gas supplier in Brazil (excluding thermal generation) with an approximate 26% market share in Brazil in terms of volume of natural gas sold in 2015, according to ABEGAS, reaching over 1.6 million residential consumers in the state of São Paulo, all of which are easily accessible through our current distribution pipeline network, from the Santos and Campos basins (*Bacia de Santos* and *Bacia de Campos*), and from Bolivia, where most of our natural gas is extracted. Through Comgás, we also enjoy leading market positions in the natural gas distribution market, where we supply natural gas to residences, businesses, vehicles and thermal electric plants operating in a concession area covering 177 cities in Brazil, with an aim to implement our expansion plan pursuant to which we hope to connect over 100,000 new residential consumers per year;

- *Fuel Distribution*: through Raízen Combustíveis, we are Brazil's third largest fuel distributor, with an estimated combined 25% market share in terms of combined volume sold by the operations contributed to the Joint Venture by Cosan and Shell in the twelve months ended December 31, 2015, according to Sindicom;

- *Sugar, Ethanol and Cogeneration*: through Raízen Energia, we crushed 59.9 million tons of sugarcane in the fiscal year ended December 31, 2015. Through Raízen Energia, we sold 4.6 million tons of sugar in the fiscal year ended December 31, 2015, and exported 3.6 million tons in the same period. Also through Raízen Energia, with respect to ethanol, we sold 3,646 million liters of ethanol in the fiscal year ended December 31, 2015, and exported 1,833 million liters of ethanol in the same period. As of December 31, 2015 we had a total installed energy capacity of 940 MW;

- *Lubricants*: we are the second largest lubricants manufacturer in Brazil by volume as of December 31, 2015, selling under the Mobil brand, among others, which is licensed to Cosan Lubrificantes until 2018 by ExxonMobil, and which license we will seek to renew thereafter. Cosan Lubrificantes also distributes and sells Mobil brand products manufactured in Brazil and sold in Brazil, Bolivia, Paraguay and Uruguay. In July 2012, we acquired Comma, which produces and distributes lubricants throughout Europe and Asia; and

- *Land Development*: we are one of the largest private landowners in Brazil, with a portfolio of approximately 104 thousand hectares of own land, with fair value of R$2.7 billion as recorded in our accounting records, as of March 31, 2016.

Ability to capitalize on favorable industry trends in the natural gas industry through our controlling stake in Comgás

We believe that we can capitalize on favorable industry trends within the natural gas industry as a result of the following competitive strengths of Comgás, in which we hold a controlling stake:

Advantages of natural gas as an alternative to other fuels

We believe that Comgás's concession to distribute natural gas to the residential, commercial and industrial segments as well as automobiles and thermal and cogeneration plants, and the inherent qualities of natural gas position us for reliable performance for the foreseeable future. As compared to other traditional energy sources, natural gas is a clean energy source that can be used in a variety of applications. Comgás benefits from an established pipeline grid that is engineered for distributing natural gas reserves and that ensures a ready supply of natural gas to its customers. Moreover, Comgás's well-engineered transportation grid means it does not require additional forms of transportation, storage or relevant tube exchange for the distribution of our natural gas.

Solid regulatory system allied with concession regime supports stability of cash flows

We, through Comgás, operate in a segment with a well-developed regulatory framework overseen by ARSESP. In 1999, during Comgás's privatization process, Comgás was granted the concession for distribution of gas in the state of São Paulo for 30 years, with a 20-year renewal at the discretion of the Government of the State of São Paulo, subject to certain conditions, such as the approval of such renewal by ARSESP. Additionally, the five-year tariff revision cycle, to which Comgás is subject, has mechanisms to ensure that tariffs: (1) compensate us at a fair rate, based on our current and future investments to sustain and grow our operations; and (2) are adjusted yearly for inflation by reference to the General Market Price Index (*Índice Geral de Preços – Mercado*), or IGP-M. We believe that Comgás's long-term concession period, combined with a developed regulatory framework that compensates us for our investments at a fair rate and with a high level of certainty of results, strongly supports the generation of stable and predictable cash flows.

Strategically located assets with significant geographic overlap

Our existing mills, port terminal, warehouses, fuel distribution facilities and rail network are strategically located in the central-south region of Brazil. Our operations also are in close proximity to our customers, sugarcane fields owned by us and growers and other transportation infrastructure:

- *Natural Gas Distribution*: we hold a 61.33% stake in Comgás, making us the largest natural gas distributor in Brazil (excluding thermal generation), reaching over 1.6 million residential consumers in the state of São Paulo. The state of São Paulo, part of the most developed and largest economic region of Brazil, is the most populous state in Brazil, with an estimated population of 44.4 million as of December 31, 2015, according to IBGE. The city of São Paulo had an estimated population of 11.9 million as of that date. Based on its GDP, the state of São Paulo is the wealthiest and most industrialized state and has the largest economy in Brazil. The GDP of the state of São Paulo was approximately R$1.9 billion in 2015 according to the IBGE, representing approximately 32% of Brazil's total GDP, of which 26% were derived from our concession area. As our existing facilities and distribution network are strategically located in the state of São Paulo, we believe that our massive presence in very rich, populous and important industrial regions located in our concession area enables us to capitalize on geographical competitiveness. Our strong customer base in São Paulo also allows us to capitalize on the easy geographic access to the Bacia de Santos, where a significant portion of our natural gas is extracted;

- *Fuel distribution:* Raízen Combustíveis' distribution assets consist of 69 terminals – certain of which are owned by the Joint Venture, others by joint ventures operated by the Joint Venture, others by joint ventures operated by third-parties and other terminals in which the Joint Venture has throughput arrangements – strategically concentrated in the Southeast and South regions of Brazil near major fuel markets;

- *Sugar, Ethanol and Cogeneration*: of Raízen's 24 mills, 22 are located in the state of São Paulo operating in clusters due to their proximity to each other. The state of São Paulo is one of the world's most productive sugarcane regions, primarily because of its favorable soil, topography and climate, nearby research and development organizations and infrastructure facilities. The average distance from the fields where Raízen's sugarcane is harvested to our mills is approximately 25 kilometers (approximately 16 miles). The proximity of Raízen's milling facilities to the land on which Raízen's sugarcane is cultivated reduces our transportation costs and enables us to process the sugarcane within 48 hours of harvesting, thereby maximizing sucrose recovery; and

- *Lubricants*: we own a lubricants oil blending plant in Rio de Janeiro with an annual production capacity of 1.7 million barrels of lubricants per year, and a pier facility that allows us to import base stocks.

Integrated platform extracting synergies across the sugarcane value chain

We have a fully integrated platform (directly or through joint ventures) from sugarcane plantation to sugar logistics and fuel distribution. We are engaged in both the agricultural and industrial aspects of sugar and ethanol production. We lease rural properties upon which we cultivate and harvest sugarcane, and we also purchase sugarcane from third parties with whom we have long-term supply contracts. Once harvested, we crush and refine the sugarcane in the joint venture's mills to produce sugar and ethanol, and we generate electricity through cogeneration from sugarcane bagasse. We export and distribute our sugar and ethanol through Rumo and Raízen Combustíveis, respectively, among others. We generate significant synergies from this integration:

- *Fuel distribution:* our fuel distribution terminals are strategically located near our mills, allowing us to significantly optimize our logistics network by using our mills as distribution terminals and vice versa. Additionally, as a fuel distributor we are able to (1) benefit from a more stable cash flow stream to help offset fluctuations in sugar and ethanol prices, and (2) capture potential margin gains from declines in ethanol prices during harvest periods, as ethanol price changes tend to be passed on to consumers gradually. Finally, our pier facility at the Port of Santos allows us to benefit from favorable market opportunities to import diesel and arbitrage raw material prices;

- *Sugar, Ethanol and Cogeneration:* as the world's largest grower of sugarcane and the third largest fuel distributor in Brazil (directly or through joint ventures), we benefit from our superior visibility on sugar and ethanol price formation, allowing us to better manage our decisions with respect to our sugar versus ethanol production mix and our inventory levels. Additionally, all of our mills are electric energy self-sufficient, reducing our dependence and exposure to energy prices and providing us an additional stream of generally stable cash flows; and

- *Land Development:* through Radar, we leverage the competitive advantage we derive from our access to market intelligence in order to opportunistically earn revenues and benefit from potential capital appreciation from agricultural real estate.

Diversified portfolio of assets that offer increasingly stable and resilient cash flow streams

We have taken key strategic steps in recent years by vertically integrating our business and diversifying into activities with synergies that generally provide more stable cash flow streams as compared to sales of sugar and ethanol. In 2015, our generally less cyclical businesses (fuel and natural gas distribution, lubricants, agricultural land development and Cosan's other businesses, consisting of other investments, in addition to the corporate activities of Cosan and its subsidiaries) collectively contributed most of our Adjusted EBITDA for the period, before intercompany eliminations and adjustments. We expect the contribution of these businesses to our consolidated results and cash flow origination to continue to grow as our investments mature further. We believe this diversification provides us with a unique competitive advantage, providing a generally more stable stream of cash flows when sugar or ethanol prices are depressed.

Disciplined risk management, proven access to capital, and strong overall financial profile

Sugar prices, ethanol prices and fluctuations in exchange rates are the main market risks within our sugar and ethanol business. As such, we operate under strict risk management policies, which include a senior risk committee that meets on a weekly basis to discuss and monitor sugar prices, exchange rate exposures, our hedging positions, margin calls (cash at risk), counterparty risk and stress scenarios.

Additionally, we were one of the first sugar and ethanol producers in Brazil to have accessed the international debt capital markets, which we first did in 2004. Since 2005, we have completed initial public offerings of Cosan on the *Novo Mercado* segment of the BM&FBOVESPA and our parent company Cosan Limited on the NYSE, a private placement of Cosan Limited shares, a private placement of Radar shares, a private placement of Rumo shares and a follow-on offering of Rumo shares in the first half of 2016. We have also developed a long-term business relationship with BNDES, Brazil's national development bank, with whom we had total outstanding loans of R$1,284.8 million as of December 31, 2015.

The result of subtracting the sum of our cash and cash equivalents and marketable securities from our current and non-current debt amounted to R$4,832.6 million as of December 31, 2015, or 1.9 times our Adjusted EBITDA for the last twelve months ended December 31, 2015.

Strong strategic business relationships

We have developed important strategic relationships over the years, including with Sucres et Denrées, or Sucden. We have also developed strong business relationships with ExxonMobil, from which Cosan Lubrificantes licenses the Mobil brand for lubricants until 2018, and with some of our leading customers, such as Petrobras Distribuidora S.A. in the ethanol business and Sucden, Tate & Lyle International and Coimex Trading Ltd. in the sugar business. In addition, Cosan and Shell have been partners in the Joint Venture since June 1, 2011. For more information regarding the Joint Venture, see "Business—Joint Venture."

Experienced and professional management team

Our management team has considerable industry experience. In addition, unlike many of our domestic competitors in the sugar and ethanol industries, we have completed the evolution from a family-operated business to a company managed by professionals with significant experience in the energy and infrastructure industries. Our fuel distribution and, separately our lubricants business, are led by management teams with proven track records in the fuel distribution and lubricant markets, who previously worked for many years with the ExxonMobil group. In addition, following the conclusion of the Joint Venture, key executive officers from Shell's management team responsible for its Brazilian fuel and retail operations have joined the Joint Venture, further strengthening the Joint Venture's management team. See "Business—Joint Venture." Furthermore, our logistics business is led by executives with extensive experience, including in the rail industry, and our natural gas distribution business is led by a management team with a proven industry track record, having worked for many years at some of the most important oil and gas companies in the world, such as the BG Group and Shell, and with an average of approximately 20 years of experience in the natural gas industry.

Strategy

The principal components of the strategies of each of our business segments are:

Natural Gas Distribution (Comgás)

- *Continue to solidify our leading position in natural gas distribution.* We plan to maintain our leading position in the distribution of natural gas in Brazil and our standards of safety and innovation, which have been successful in the past. One of our main goals is to expand operations particularly in the residential and commercial segments, where growth over the last three years has enabled us to connect more than 100,000 new customers annually.

- *Develop new applications for natural gas*. Because of the relatively modest price of natural gas and its properties as a clean-burning fuel, we believe it represents a promising candidate for expanded use in a variety of applications. We are furthering our own development efforts and collaborating with third parties to identify additional uses for natural gas, whether as a clean-burning fuel for industrial application in manufacturing processes or for expanded application in use for household appliances. We believe that government incentives for clean-burning fuels will continue to drive interest in expanded natural gas use, both for industrial application and for household use. We will continue to explore new and developing technologies to remain at the forefront of developments for expanded use of natural gas in Comgás's concession area.

- *Expand natural gas penetration.* We work to provide universal access to natural gas in the regions we serve. We are currently focusing on expanding our market penetration within our concession area especially through our residential business segment, which has allowed for improved profit margins. We intend to use our stable cash flow generation from our natural gas distribution business and to capitalize on our managerial experience and expertise to expand, develop and operate natural gas distribution in the São Paulo region that benefit from stable regulatory environments and offer attractive growth prospects.

- *Maximize opportunities within current concession area.* We conduct extensive field research to identify the best opportunities for growth within our concession area by evaluating distance from the network, population density, socioeconomic profile, and propensity for consumption. Our field research includes reviews of economic development prospects in the localities we serve as well as potential for integrating different market segments. Through these efforts, we hope to capture all business opportunities (industrial, compressed natural gas, commercial and residential) in each region we serve and could potentially serve.

- *Maintain a constructive relationship with regulators.* We operate in a highly regulated industry subject to strict overview by the relevant regulators. We believe that maintaining collaborative and constructive relationships with our regulators is crucial for our businesses. Therefore, we intend to use our best efforts to comply with, and surpass where possible, our obligations with ARSESP, as we believe we have done to date. As of March 31, 2016, Comgás has built 8,300 kilometers of pipeline and renovated 600 kilometers of old cast iron. Comgás also connected more than 736,000 new customers.

Fuel Distribution (Raízen Combustíveis)

- *Invest selectively in dealer conversion.* Following the Joint Venture, we plan to continue investing in the conversion of non-branded stations to the Shell brand. We expect the majority of Raízen Combustíveis's new retail stations to be added in the Southeast region of Brazil, which has higher consumption of gasoline and ethanol and offers the potential for greater synergies with our logistics infrastructure.

- *Continue to maximize operating efficiencies.* We will continue to focus on improving the efficiency of Raízen Combustíveis's operations in the fuel distribution business by focusing on three key areas: (1) exploring synergies among its businesses (2) maximizing the utilization of its retail stations and (3) exploring opportunities with and maximizing its convenience store business. We continuously monitor the profitability and use of each service station in its retail network and eliminate underperforming sites, particularly in regions we consider less strategic.

Sugar, Ethanol and Cogeneration (Raízen Energia)

- *Seek further productivity improvements and cost reductions.* We are enhancing Raízen Energia's productivity through investments in the development of new varieties of sugarcane, more efficient agricultural, industrial and logistics processes, expanded satellite monitoring of sugarcane, increased mechanization of harvests, emphasis on employee training programs and improvements in information flows and internal control systems.

- *Strategic participation in the consolidation of the sugar and ethanol sector.* The Brazilian sugar and ethanol sector has been experiencing consolidation in recent years, however it still remains highly fragmented. We closely monitor acquisition opportunities in the sector and will consider selective acquisitions and partnerships that offer the right strategic fit for our operations through the Joint Venture.

- *Explore the cogeneration potential of Raízen Energia's mills.* Raízen Energia currently has installed energy capacity of approximately 940 MW per year from 24 mills, of which approximately 13 mills sold excess energy to the grid and on the spot market. Our cogeneration business strategically allows for a stable cash flow stream across commodity cycles, helping to reduce the volatility of our more cyclical cash flows and operations.

- *Participate in the development of second generation technologies for ethanol.* Raízen Energia plans to implement Shell's second generation ethanol technology, by which ethanol is produced from sugarcane by-products (cereal straw, sugar cane bagasse, forest residues), wastes, and dedicated feedstocks. We expect such second generation technology will increase our annual biofuel production without the need for an increase in crop growing areas, and will result in enhanced yields from improved yeast in our ethanol operations. For further information regarding the Joint Venture, see "Business—Joint Venture."

- *Take advantage of future ethanol export opportunities.* Raízen Energia expects to benefit from a growth of global ethanol exports that should arise from the anticipated liberalization of trade barriers that have traditionally limited our access to some major markets, as well as mandatory blending requirements to use ethanol as an additive to gasoline, through establishing new commercial and distribution partnerships with international industry players to expand and diversify our client base.

- *Focus on environmental and social awareness.* Raízen Energia is committed to acting as an environmentally and socially conscious company. We continue to invest in the mechanization of our harvests, which is not only cost-efficient, but also reduces our emission levels and decreases the burning of sugarcane fields for manual harvesting. We continue to improve and develop new training programs for our employees, as well as programs to reduce workforce accidents. We continuously seek to implement environmental best practices, benchmark technologies and clean operations to sustain our best-in-class results and strengthen our relationships and cooperation with relevant environmental authorities and agencies.

Lubricants and Specialties (Cosan Lubrificantes)

- *Focus on higher margin products.* We aim to focus on premium products, such as synthetic lubricants. We plan to continue improving our product mix and margins by increasing our focus on premium high margin products. We plan to continue investing in marketing, training our employees and exclusive distributors, developing new innovative products and delivering superior services. For further information regarding our strategies in Europe and Asia, see "Business—Our Operations—Lubricants."

Our Operations

Cosan is one of the largest corporations in Brazil, as ranked by Exame magazine's annual *Melhores e Maiores* publication, with businesses in strategic sectors to the Brazilian development, such as logistics and energy. The following companies are part of the Cosan group: Cosan, Cosan Logística, Comgás, Raízen, Rumo, Cosan Lubrificantes and Radar.

Acquired in 2012, Comgás is Brazil's largest natural gas distributor, excluding thermal generation. It has a network of over 14,000 thousand kilometers, bringing natural gas to more than 1.5 million residential, commercial and industrial consumers in over 80 cities. Its concession area accounts for approximately 26% of Brazil's GDP, covering 177 cities in the São Paulo, Campinas and Santos metropolitan areas and the Paraíba Valley.

Through Raízen, a joint venture between Cosan and Shell created in June of 2011, the company produces more than 2 billion liters of ethanol per year to supply both domestic and international markets and 4 million tons of sugar, with 940MW of installed capacity. The company plants, harvests and processes sugarcane, the main raw material used in the production of sugar and ethanol. Raízen also distributes fuel to over 5,800 service stations throughout Brazil under the Shell brand, with approximately 950 convenience stores, 69 distribution terminals and a presence in 59 airports supplying jet fuel.

Through Cosan Lubrificantes, the company produces and distributes automotive and industrial lubricants. Under the Mobil brand, Cosan operates in Brazil and in three other countries in South America (Bolivia, Uruguay and Paraguay), and also in the United Kingdom, with Comma. Cosan Lubrificantes has recently started a new distribution operation under the Mobil brand, in Spain, aligned with its strategy to leverage the ExxonMobil partnership and expand abroad.

At Radar, the company's focus in exploring new opportunities in agricultural properties with high potential for appreciation in Brazil, acquiring and leasing them to large operators in the sector for cultivation of sugarcane, soybeans, corn and cotton.

Raízen Combustíveis (Fuel Distribution)

Through Raízen Combustíveis, our downstream joint venture company, we are engaged in sourcing, storing, blending and distributing gasoline, ethanol, diesel, fuel oil and aviation fuel through our network of 5,800 Shell-branded retail service stations, 69 distribution terminals and 59 airport terminals supplying aviation fuel. Following the formation of the Joint Venture on June 1, 2011, we are currently among the three largest Brazilian fuel distributors, with an approximate 25% market share in Brazil in terms of volume of fuel sold in the fiscal year ended December 31, 2015, according to Sindicom.

Raízen Combustíveis Highlights	**As of and for the Three-Month Period Ended**	**As of and for the Fiscal Year Ended**		**As of and for the Twelve-Month Period Ended(2)**
	March 31, 2016	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Service stations	5,800	5,682	5,356	4,860
Fuel sold (billion liters)	6.0	25.1	24.9	23.0
Ethanol sales (R$ million)	1,387.8	5,392.6	3,556.7	2,988.3
Gasoline sales (R$ million)	7,141.4	23,784.4	22,165.1	19,235.9
Diesel sales (R$ million)	6,832.7	27,503.9	24,274.8	20,725.6
Jet fuel sales (R$ million)	898.0	4,233.7	5,111.4	5,001.7
Other products (R$ million)	131.9	498.3	625.9	576.3
Net sales (R$ million) (1)	**16,391.8**	**61,413.0**	**55,733.9**	**48,527.7**

(1) Since April 1, 2013, upon the adoption of IFRS 11, Raízen Energia and Raízen Combustíveis' results are reported in the "Equity in earnings of jointly controlled entity" line, considering Cosan's proportional interest (50%) in each company. Therefore, Raízen Combustíveis' net sales are not consolidated under the "Net Sales" line item of Cosan's statement. See more details in "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Business Segments and Presentation of Segment Financial Data."

(2) Twelve-month period due to change in reporting period of Cosan.

Currently, Raízen Combustíveis and its competitors purchase all or nearly all oil-derivative fuels from Petrobras under a formal supply contract that establishes the volume and the terms for supply. The contract is renewed periodically and the volume contracted for is based on the volume purchased in the previous year. There have been no significant interruptions in the supply of fuels from Petrobras to the distributors.

Ethanol is sourced from various third party suppliers and from Raízen Energia as well. The prices of ethanol supplied are generally determined by the ESALQ index. The prices of oil-derivative fuels supplied to us by Petrobras generally vary according to international oil prices, however Petrobras often delays passing on variations in market oil prices to its customers, thereby minimizing some of the volatility of oil price changes experienced in international markets.

All of our fuel distribution operations are in the domestic Brazilian market. Our operations are not subject to significant seasonality; however, the price of hydrous ethanol at the pump is typically more volatile than the prices of gasoline or diesel, as a result of the seasonality of the sugarcane harvest and the limited storage facilities for ethanol in Brazil. This in turn impacts the proportion of our revenue mix that is derived from either gasoline or ethanol throughout the year, as consumers who own flex fuel vehicles switch between the two fuels according to the relative price of each.

As hydrous ethanol is less energy intense than gasoline, consumers will usually only switch to ethanol if the price is significantly lower than gasoline. When hydrous ethanol is retailed at 70% of the price of gasoline, the two fuels are considered to be at price parity with each other. At a level below 70%, the demand for ethanol will significantly increase at the expense of gasoline.

Raízen Combustíveis supplies aviation fuel at 59 airports across Brazil, including at the major hubs of Congonhas and Guarulhos airports in São Paulo, and the Brasília airport in the Federal District, to Brazilian and foreign airlines.

Raízen Energia (Sugar, Ethanol and Cogeneration)

Raízen Energia, our upstream Joint Venture Company, whose core business is the production and sale of a variety of products derived from sugarcane, including raw sugar (Very High Polarization, or VHP), anhydrous and hydrous ethanol, as well as activities related to energy cogeneration from sugarcane bagasse and ethanol trading. Raízen Energia operates 24 sugar, ethanol and energy cogeneration mills, with a current crushing capacity of 68 million tons of sugarcane per year.

Raízen Energia Highlights	For the Three-Month Period Ended	For the Fiscal Year Ended(2)		For the Twelve-Month Period Ended(3)
	March 31, 2016(1)	December 31, 2015	December 31, 2014	December 31, 2013
Crushed sugarcane (million tons)	2.8	59.9	57.1	61.4
Sugar volume sold (thousand tons)	1,499.2	4,623.6	4,432.7	4,470.1
Ethanol volume sold (million liters)	1,021.0	3,646.3	2,952.2	3,057.82
Energy sold (MWh)	292.1	2,611.2	2,239.8	2,164.3
Net sugar sales (R$ million)	1,846.3	4,671.0	4,059.6	4,304.3
Domestic market	361.7	1,010.9	1,009.1	867.8
External market	1,484.6	3,660.1	3,050.5	3,436.5
Net ethanol sales (R$ million)	1,936.9	5,557.3	4,376.8	4,226.6
Domestic market	1,234.3	2,574.7	2,227.8	2,244.4
External market	702.6	2,982.6	2,149.0	2,022.2

Raízen Energia Highlights	For the Three-Month Period Ended	For the Fiscal Year Ended(2)		For the Twelve-Month Period Ended(3)
	March 31, 2016(1)	December 31, 2015	December 31, 2014	December 31, 2013
Net energy cogeneration sales (R$ million)	43.9	554.9	618.6	389.7
Other products and services (R$ million)	39.2	297.7	208.9	240.2
Raízen Energia net operating revenue (R$ million)	3,866.3	11,080.8	9,263.9	9,200.7

(1) During the first quarter of every year, there is no production due to the interharvest period.

(2) Raízen Energia is accounted for using the equity method, and therefore, Raízen Energia's net sales are not consolidated under the "Net Sales" line item of Cosan's statement of profit or loss and other comprehensive income. As a result of equity method accounting, only our proportional share of Raízen Energia's results are reflected in our statement of profit or loss. See more details in "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Financial Presentation and Accounting Policies—Business Segments and Presentation of Segment Financial Data."

(3) Twelve-month period due to change in reporting period of Cosan.

Our production is based on sugarcane, the most competitive and viable feedstock for sugar and ethanol because of its low production cost and high energy efficiency ratio relative to other energy sources, such as corn and sugar beet. Sugarcane is our principal raw material. It is a tropical grass that grows best in locations with stable warm temperatures and high humidity, although cold and dry winters are an important factor for the sucrose concentration of sugarcane. The climatic conditions of the central-south region of Brazil are ideal for growing sugarcane.

Raízen Energia's sugarcane production is sourced from leased lands, as well as from third-party suppliers. The following table compares the amount of sugarcane grown on leased land with the amount purchased from third parties during the periods set out below.

	As of and for the Three-Month Period Ended March 31,				As of and for the Fiscal Year Ended December 31,				As of and for the Twelve-Month Period Ended December 31,	
	2016 (*)	%	2015 (*)	%	2015	%	2014	%	2013	%
Sugarcane harvested from leased land	1.999	72.0	—	—	28.9	48.3	29.2	51.1	31.0	50.5
Sugarcane purchased from third-parties	0.777	28.0	—	—	31.0	51.7	27.9	48.9	30.5	49.5
Total	2.776	100.0	—	—	59.9	100	57.1	100	61.4	100

(*) During the first quarter of every year, there is no production due to the interharvest period.

In accordance with the land lease contracts, we pay the lessors a certain fixed number of tons of sugarcane per hectare as consideration for the use of the land, and a certain fixed productivity per ton of sugarcane in terms of TSR. The overall volume of TSR is obtained by multiplying the number of hectares leased by the committed tons of sugarcane per hectare by the TSR per ton of sugarcane. The price that we pay for each kilogram of TSR is set by CONSECANA (*Conselho dos Produtores de Cana-de-açúcar, Açúcar e Álcool do Estado de São Paulo*). The price that we pay to third-party sugarcane growers is based on the total amount of sugar content in the sugarcane, measured by the amount of sugar recovered and on the prices of ethanol and sugar sold by each mill.

Our mills have the capacity to crush 68 million tons of sugarcane per year and in the fiscal year ended December 31, 2015, we crushed 59.9 million tons of sugarcane, or approximately 9.6% of Brazil's central-south region total sugarcane production (which was 621 million tons as of December 31, 2015, according to UNICA). For further information on our sugarcane mills see "—Property, Plant and Equipment." The mills that are equipped to produce both sugar and ethanol can typically adjust their proportion of output from anywhere between 55% sugar and 45% ethanol to 45% sugar and 55% ethanol. We track the current and future prices of each product relative to the other, as well as forecasts of global output volumes of each product, to decide on the production mix to be set across our mills in order to maximize our sales revenue. All of our mills are energy self-sufficient from burning sugarcane bagasse at very high temperatures in boilers, to heat water that is transformed into steam. Thirteen of our mills generate surplus electrical energy that we sell to the Brazilian energy grid.

Raízen Energia is subject to the seasonality of the annual sugarcane harvesting period in the central-south region of Brazil, which begins in April or May and ends in November or December. This creates fluctuations in our inventory, usually peaking in December to cover sales between crop harvests (*i.e.*, January through March), and a degree of seasonality in our gross profit.

We produce and sell a wide variety of standard sugars, including raw sugar (also known as VHP – Very High Polarized sugar), crystal sugar and organic sugar, and refined sugars, including granulated refined white sugar, amorphous refined sugar, refined sucrose liquid sugar and refined inverted liquid sugar.

Standard sugars. VHP sugar, a raw sugar with approximately 99% sucrose content, is similar to the type of sugar traded in major commodities exchanges, including through the standard NY11 contract. The main difference between VHP sugar and the sugar that is typically traded in the major commodities exchanges is the sugar content of VHP sugar and the price premium that VHP sugar commands in comparison to most sugar traded in the commodities exchanges. We export VHP sugar in bulk, to be refined at its final destination. We also sell a small amount of VHP sugar to the Brazilian market. Crystal sugar is a non-refined sugar produced directly from sugarcane juice and sold to industrial companies in Brazil to be used as an ingredient for food products. We also sell a small amount of crystal sugar to the Brazilian retail market and to export markets. Organic sugar is a kind of raw sugar produced from organic sugarcane and is not submitted to any chemical treatments during its manufacturing process. We sell organic sugar in the international and Brazilian markets.

Refined sugars. We refine VHP sugar and crystal sugar into both granulated and amorphous (non-crystallized) sugar. We sell refined sugar in the Brazilian and export retail and industrial markets. Refined sugar is used as an ingredient in processed food products such as milk and chocolate powders, bakery products, powder refreshments, and pharmaceutical syrups.

Liquid sugars. We refine crystal sugar to produce sucrose liquid sugar and inverted liquid sugar, which has a higher percentage of glucose and fructose than sucrose liquid sugar. We sell both types of sugar for industrial use, mainly for the production of soft drinks.

We sell sugar to a wide range of customers in Brazil and in the international markets. Our customers in Brazil include Docelar, which was previously held by Cosan and sold to Camil Alimentos S.A., or Camil, on October 24, 2012, and food manufacturers, for which we primarily sell refined and liquid sugar. We primarily sell raw sugar in the international markets through international commodities trading firms and Brazilian trading companies. In the fiscal year ended December 31, 2015 we exported 77.5%, by volume, of the sugar we sold. Rumo handles most of the transportation by rail and logistics of our sugar exports to their sugar loading terminal at the Port of Santos.

Prices for raw sugar are established in accordance with the NY11 futures contracts. Prices for refined sugar are established in accordance with the London# 5 futures contract, traded on the LIFFE. Prices for sugar we sell in Brazil are set in accordance with Brazilian market prices, using an index calculated by the ESALQ.

We produce and sell three different types of ethanol: hydrous ethanol and anhydrous ethanol for fuel and industrial ethanol. The primary type of ethanol consumed in Brazil is hydrous ethanol, which is used as an alternative to gasoline for flex fuel vehicles (as opposed to anhydrous ethanol which is used as an additive to gasoline). As a result, hydrous ethanol represented 59% of our ethanol production in the fiscal year ended December 31, 2015 and 56% of our ethanol production in the fiscal year ended December 31, 2014. Our sales are mainly to fuel distributors in Brazil, of which the three largest are Petrobras Distribuidora S.A., Raízen Combustíveis S.A. and Cia. Brasileira de Petróleo Ipiranga. We also sell industrial alcohol, which is used in the chemical and pharmaceutical sectors. In the fiscal year ended December 31, 2015, we exported 50%, by volume, of the ethanol we sold. Our main export customers are trading companies which distribute our products mainly to the United States, Japan and Europe. Our exports are conducted through TEAS, an ethanol loading terminal at the Port of Santos.

Ethanol Production Process

We produce ethanol through a chemical process called yeasting, which is a process of fermenting the sugars contained in both sugarcane juice and molasses. Initially, we process the sugarcane used in ethanol production the same way that we process sugarcane for sugar production. The molasses resulting from this process is mixed with clear juice and then with yeast in tanks, and the by-product resulting from the yeasting process, called “yeasted wine,” has an ethanol content of approximately 7% to 9%. After the yeasting process, which takes approximately 10 hours, the yeasted wine is centrifuged, so that we can separate the yeast from the liquid. We use the separated yeast

in the ethanol production process. We then boil the yeasted wine at different temperatures, which causes the ethanol to separate from other liquids. Hydrous ethanol is produced after different distillation stages. In order to produce anhydrous ethanol, hydrous ethanol undergoes a dehydration process. The liquid remaining after these processes is called vinasse, a by-product we use as fertilizer in our sugarcane fields. After the distillation and dehydration processes, we produce hydrous, anhydrous, neutral and industrial ethanol, and store the ethanol in large tanks.

The ethanol production flow can be summarized as follows:

- *Preparation of the juice*. The fermentation is fed with a juice composed of approximately 20% of sugar, which is prepared with juice (from the treatment), molasses (from sugar production) and water. This juice must be cooled to approximately 30°C.

- *Fermentation*. The fermentation of the juice is the result of the action of yeast, which firstly inverts the sucrose to glucose and fructose (monosaccharide), and then converts the monosaccharide into ethanol and carbon dioxide. This reaction occurs in a fermenter, which is fed with juice and yeast.

- *Centrifuging*. After the fermentation, the resulting product is carried to centrifuges that separate the yeast from the beer, a solution of approximately 9%v/v (oGL) of ethanol.

- *Treatment of the yeast*. The yeast that comes from the centrifuges is treated with sulfuric acid and returned to the fermenter tank to be utilized again.

- *Distillation*. The beer is distilled in a sequence of distillation columns, which separate the water from the ethanol. This process occurs basically due to the differences of ethanol's and water's ebullition temperatures. In order to produce hydrous ethanol, two columns are used to achieve the concentration of 94%v/v (oGL) ethanol. From the first column, a slop called vinasse is obtained, which is used as a fertilizer in the sugarcane fields.

- *Dehydration*. In order to produce anhydrous ethanol, two more columns are used to achieve the concentration of 99%v/v (oGL) ethanol. In the first column, the excess of water is separated with the aid of cycle-hexane.

Ethanol Production Capacity and Output

Our current annual ethanol production capacity is approximately 2.6 billion liters. We were the largest producer of ethanol in Brazil in the fiscal year ended December 31, 2015, producing approximately 2.1 billion liters of ethanol, representing 7.3% of the total ethanol production in Brazil's central-south region, according to UNICA. We are one of the largest exporters of ethanol in the world, with export sales totaling R$3.0 billion including offshore trading, having exported 1.8 billion liters in the fiscal year ended December 31, 2015 and 1.2 billion liters in the fiscal year ended December 31, 2014. We exported 366.0 million liters in the three-month period ended March 31, 2016 and 596.3 million liters in the three-month period ended March 31, 2015.

Cogeneration

Raízen Energia currently has an installed energy capacity of 940 MW per year from our 24 mills, of which 13 mills sold their excess energy to the grid and on the spot market. We view our cogeneration business as strategic since it generally allows for a stable cash flow stream across commodity cycles, helping to reduce the volatility of our cash flows and operations.

Raízen Energia Highlights	For the Three-Month Period Ended	For the Fiscal Year Ended(2)		For the Twelve-Month Period Ended(3)
	March 31, 2016(1)	December 31, 2015	December 31, 2014	December 31, 2013
Crushed sugarcane (million tons)	2.8	59.9	57.1	61.4
Sugar volume sold (thousand tons)	1,499.2	4,623.6	4,432.7	4,470.1
Ethanol volume sold (million liters)	1,021.0	3,646.3	2,952.2	3,057.82
Energy sold (MWh)	292.1	2,611.2	2,239.8	2,164.3
Net sugar sales (R$ million)	1,846.3	4,671.0	4,059.6	4,304.3
Domestic market	361.7	1,010.9	1,009.1	867.8

Raízen Energia Highlights	For the Three-Month Period Ended	For the Fiscal Year Ended(2)		For the Twelve-Month Period Ended(3)
	March 31, 2016(1)	December 31, 2015	December 31, 2014	December 31, 2013
External market	1,484.6	3,660.1	3,050.5	3,436.5
Net ethanol sales (R$ million)	1,936.9	5,557.3	4,376.8	4,226.6
Domestic market	1,234.3	2,574.7	2,227.8	2,244.4
External market	702.6	2,982.6	2,149.0	2,022.2
Net energy cogeneration sales (R$ million)	43.9	554.9	618.6	389.7
Other products and services (R$ million)	39.2	297.7	208.9	240.2
Raízen Energia net operating revenue (R$ million)	3,866.3	11,080.8	9,263.9	9,200.7

(1) During the first quarter of every year, there is no production due to the interharvest period.

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(3) Twelve-month period due to change in reporting period of Cosan.

Alternative sources of electricity, such as cogeneration from sugarcane bagasse, have become increasingly important within the Brazilian hydro-dependent energy matrix, particularly because the harvest period for sugarcane coincides with generally drier periods for hydraulic energy, when the overall energy supply is, therefore, more constricted. We are self-sufficient for our energy needs. In the fiscal years ended December 31, 2015 and 2014, the nine-month period ended December 31, 2013 and the twelve-month period ended March 31, 2013, we sold 2,611.2 MWh, 2,239.8 MWh, 2,110.6 MWh and 3,034.8 MWh, respectively, of energy to third parties. Our main customers, besides the energy sold to the Brazilian grid, are utility companies. In the fiscal year ended December 31, 2015, approximately 80% of our excess cogeneration volume was sold through electric energy auctions.

Comgás (Natural Gas Distribution)

See "—Comgás—Our Operations."

Lubricants

Lubricants is responsible for the manufacturing and distribution of passenger vehicle lubricants, commercial vehicle lubricants, industrial lubricants and special application products such as greases, cutting oils and car care products under the Mobil and Comma brands in Brazil, Bolivia, Uruguay, Paraguay, and in specific sales channels in the United Kingdom and Asia.

Lubricants Highlights	As of and for the Three-Month Period Ended	As of and for the Fiscal Year Ended		As of and for the Twelve-Month Period Ended(1)
	March 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Volume of lubricants sold (thousand liters)	76.9	316.9	338.5	315.7
Net sales (R$ million)	479.1	1,751.7	1,602.2	1,542.9

(1) Twelve-month period due to change in reporting period of Cosan.

We have a wholly-owned lubricants oil blending plant, located in Rio de Janeiro, with an annual production capacity of 1.7 million barrels of lubricants per year, and a pier facility that allows us to import base stocks. We produce over 600 different lubricants, and purchase more than 400 raw materials, including basic oils and additives.

We sell our lubricant products, mainly through distributors and direct sales to industrial customers, as well as to wholesale customer accounts and car and motorcycle dealerships. We also produce and sell lubricants for customers such as Toyota, John Deere, Caterpillar, Honda and SKF.

We have exclusive distribution rights for Mobil brand products in Bolivia, Paraguay and Uruguay following the purchase of ExxonMobil's lubricant distribution business in these three countries in 2011.

In July 2012, we acquired Comma Oil and Chemicals Limited, which reinforced our strategy to enter into the European lubricants and specialties markets. As a result, we acquired finished lubricants and the manufacture and sale of chemicals to third parties, all of Comma's assets at the Gravesend site in Kent, England, as well as ownership of Comma's trademarks and brand names. In addition, agreements will be in place to allow Comma to continue to distribute select Mobil-brand lubricants into specific sales channels in the United Kingdom and to continue to manufacture and distribute a range of seasonal and ancillary automotive products to ExxonMobil.

No customers or specific groups represented 10% or more of net sales for the year ended December 31, 2015.

Our lubricants business is not subject to significant seasonality. However a significant proportion of our raw material purchases are invoiced in U.S. dollars and we hedge part of our shipments of base oils against variations in exchange rates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan— Quantitative and Qualitative Disclosures About Market Risk—Commodities Risk."

Cosan Logística (Logistics)

In October 2014, Cosan completed the Logistics Spin-Off, in which it distributed all of its equity interest in Cosan Logística, which included the logistics business, comprising Rumo, to shareholders of Cosan to permit a segregation of its logistics operations, which are now held under Cosan Limited as Cosan Logística. For additional details on the Logistics Spin-Off, see "Business—History."

Radar (Agricultural Land Development)

Our agricultural land development operations are run through Radar, a company focused on maximizing earnings from agricultural real estate assets by leveraging our unique market intelligence to acquire rural properties with high expected appreciation potential for subsequent leasing or resale. Radar leases its land for sugarcane, soybean, corn and cotton farming. Radar currently manages 104 thousand hectares of owned agricultural land and also has approximately 184 thousand hectares of non-owned land under management in the states of São Paulo, Goiás, Mato Grosso, Maranhão, Minas Gerais, Tocantins, Bahia and Piauí. Radar recorded R$102.7 million in revenues for the fiscal year ended December 31, 2015 and of R$22.9 million for the three-month period ended March 31, 2016 (compared to R$21.6 million in the three-month period ended March 31, 2015).

On July 14, 2012, we began consolidating the financial information of our subsidiary Radar. The consolidation was a result in the change in Radar's by-laws and shareholders' agreement pursuant to which we retain the majority of votes on Radar's board of directors, thereby retaining control of the company. As a result of this change, we reported a new business segment in our financial statements whereas we previously recognized Radar's results using the equity method of accounting.

In addition, during the second half of 2012, we contributed 23 thousand hectares of agricultural land with a market value of R$551.4 million to Radar for the strategic alignment of our activities and as a result, we increased our direct and indirect stake in Radar's capital stock from 18.9% to 37.7%. We hold an option to subscribe to additional common shares of Radar, corresponding to an additional interest in its capital stock equal to up to 20% of the shares we hold in Radar immediately before the exercise (subtracted of shares issued as a result of stock options granted by Radar). The subscription option is exercisable upon the occurrence of certain conditions. The option may be entirely or partially exercised by us, on a single occasion, until September 9, 2018.

History

Our history dates back to 1936 when the Costa Pinto mill was established by the Ometto family in the city of Piracicaba in the state of São Paulo, with annual sugarcane crushing capacity of 4.0 million tons. As of the mid 1980s, we began to expand our operations through the acquisition of various milling facilities in the state of São Paulo. In 2004, Cosan conducted its first issuance of bonds in the international capital markets, raising U.S.$200 million in 5-year bonds, which matured in 2009. In 2005, it made the first public offering of shares by a producer of sugar and ethanol on the BM&FBOVESPA.

In 2008, Cosan began operating as a fuel distributor and lubricants producer following its acquisition of Esso Brasileira de Petróleo Ltda., or Essobras, which were Exxon Mobil's assets in Brazil. Essobras was a distributor and seller of fuels and producer and seller of lubricants and specialty petroleum products of ExxonMobil in Brazil.

In 2008, Cosan also announced the creation of an affiliate named Radar which mainly makes real estate investments in Brazil identifying and acquiring rural properties with high appreciation potential for subsequent leasing and/or sale.

In 2009, Cosan acquired Nova América S.A. Agroenergia, or Nova América. Nova América was a producer of sugar, ethanol and energy co-generation which also operated in trading and logistics, and also controlled a port terminal in Santos called Teaçu. The acquisition of Nova América's assets included the "União" brand, which was renamed Cosan Alimentos.

In 2010, Cosan integrated its existing port terminal called Cosan Operadora Portuária with Teaçu Port Terminal, initiating our logistics business with the formation of Rumo. Also in 2010, Rumo received R$400 million from investment vehicles controlled by TPG Capital and Gávea Investimentos. In 2015, as a result of the merger between Rumo and ALL, each investor now owns 4.3% of Rumo.

In 2011, Cosan and Shell established our Joint Venture, Raízen, to produce sugar and ethanol and to distribute fuel. See "—Corporate Structure" and "—The Joint Venture" below, for further information on the Joint Venture.

In February 2012, Cosan entered into an agreement to acquire Comma, a wholly-owned subsidiary of Esso Petroleum Company Limited to enter into the European lubricants & specialties market. Comma is located in England and manufactures and supplies lubricants, seasonal and car care products to the United Kingdom and other export markets in Europe and Asia, primarily under the Comma brand. The acquisition of Comma by Cosan includes finished lubricants and chemicals manufacturing and sales to third parties; all assets located at Comma's Gravesend site in Kent, England; and ownership of the Comma trademarks and brands. In addition, agreements will be in place to allow Comma to continue to distribute select Mobil-branded lubricants through certain United Kingdom channels and to continue to manufacture and supply ExxonMobil companies with a range of seasonal and ancillary automotive products. The transaction was concluded on July 1, 2012.

On October 24, 2012, Cosan and its subsidiary Handson Participações S.A. entered into purchase and sale agreement with Camil, for the sale of our subsidiary Docelar Alimentos e Bebidas S.A., or Cosan Alimentos, to Camil, for R$463.8 million. As consideration for this amount, at the closing of the transaction Camil assumed indebtedness of R$170.0 million and paid cash of R$88.7 million. The remaining R$205.0 million was settled in four payments. The sale was approved by the Brazilian antitrust authority (*Conselho Administrativo de Defesa Econômica*), or CADE, on July 19, 2012. The outstanding payments are secured by a trust receipt on our behalf of 28,246,685 shares of Camil, corresponding to 25% of its capital stock. In addition, pursuant to the agreement, we and our affiliates cannot compete with Camil or Docelar during five years from the date of the agreement.

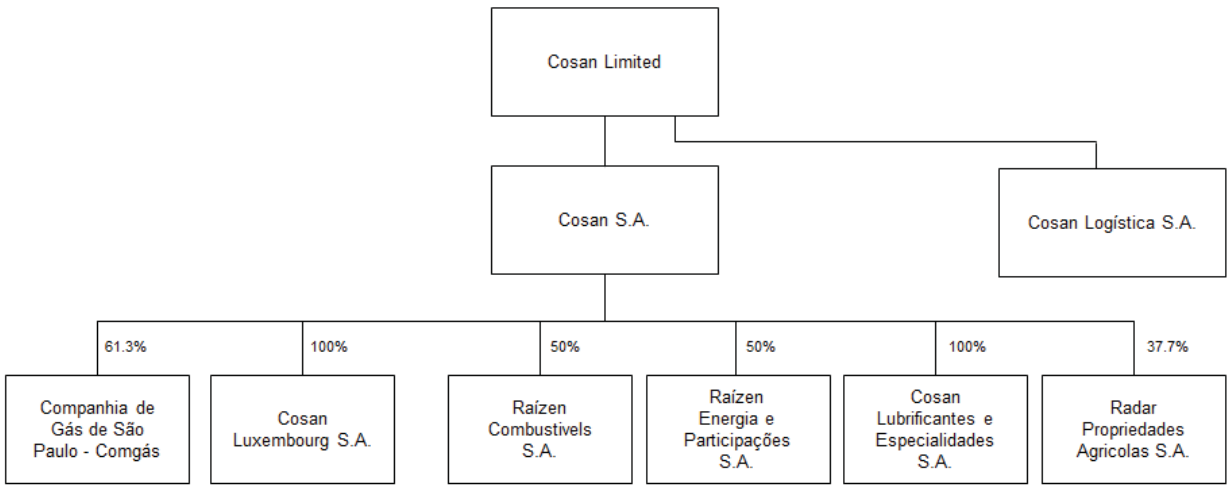
Also in May 2012, Cosan, through its subsidiary Provence Participações S.A., or Provence, entered into a Stock Purchase Agreement to acquire 60.1% for R$3.4 billion of Comgás from BG Group. Comgás is Brazil's largest distributor of piped natural gas, excluding thermal generation. Its network reaches over 14,000 kilometers delivering natural gas to approximately 1.5 million customers in the residential, commercial and industrial segments as of March 31, 2016. The acquisition of Comgás's controlling stake is part of Cosan's strategy to expand its presence in the energy business. On November 5, 2012, we concluded the acquisition of 60.1% stake of Comgás, with full approval from, and no restrictions were imposed by CADE or ARSESP (the relevant sectorial regulator). As a result of this acquisition, we entered into a shareholders' agreement with the other principal shareholders of Comgás, Integral Investments B.V., or Integral, and Shell, subsidiaries of Shell Gas BV of the Shell Group. Shell, which has a direct and indirect interest in Comgás, corresponding to 18.2% of its share capital, has been granted an option to convert its current stake of 21,805,645 Comgás common shares into 30,917,231 of Cosan shares. The exercise of this option may occur during a period of approximately 30 days at the third, fourth or fifth anniversary from the closing date.

On February 24, 2014, Cosan, through its subsidiary Rumo, submitted to ALL a binding proposal for the incorporation of ALL by Rumo. The proposal entailed the merger of all the shares issued by ALL into Rumo, with the current shareholders of Rumo and ALL receiving 36.5% and 63.5%, respectively, of the capital stock of the combined company. On April 1, 2015, following regulatory approvals from CADE and the ANTT being obtained, the merger between Rumo and ALL was effected with an adjusted exchange ratio (adjusted by the dividends distributed per each company during the period) that gave Rumo's shareholders 34.3% and ALL's shareholders 65.7% of the capital stock of the combined company. As a result ALL's shares (BM&FBOVESPA ticker: ALLL3) were delisted from BM&FBOVESPA as of March 31, 2015. As of April 1, 2015, Rumo's public shares listed on the Novo Mercado segment of the BM&FBOVESPA (under the ticker "RUMO3") fully reflected the effects of the merger.

At an extraordinary general meeting held on October 1, 2014, Cosan's shareholders approved a spin-off of the logistics business of Cosan and the merger of the spun-off portion into Cosan Logística S.A., or Cosan Logística. Such spin-off of the logistics business is referred to herein as the Logistics Spin-Off. The Logistics Spin-Off seeks to segregate Cosan's logistics activities, focused on Rumo, in order to allow each of our business segments to be more sector-focused, and to establish suitable capital structures for each business segment. It also seeks to provide the market with greater transparency on each business segment's performance, which we believe will give shareholders and investors an improved ability to analyze each individual business's performance. Cosan Limited controls both Cosan and Cosan Logística, with an equity interest of approximately 62% in each of them. At September 30, 2014 the portion spun-off to Cosan Logística had a book value of R$975.9 million. Due to the Logistics Spin-Off, all of the shares issued by Cosan Logística previously held by Cosan were canceled and subsequently 405,856,814 new Cosan Logística shares were issued to the shareholders of Cosan (including Cosan Limited) at an exchange ratio of 1:1. Cosan's shares were traded ex-rights to receive Cosan Logística's shares as from October 6, 2014. Cosan Logística's shares are currently traded on the BM&FBOVESPA under the ticker "RLOG3," with trading having started on October 6, 2014. As a result, shareholders have been provided with the same economic and voting privileges in Cosan Logística as those conferred on them by the shares of the company they previously held. Furthermore, the Logistics Spin-Off did not result in any change in the characteristics of Cosan's shares or the advantages conferred by them. Due to the Logistics Spin-Off and consequent transfer of the spun-off portion to Cosan Logística, the share capital of Cosan was reduced by R$1,059,591, corresponding to the book value of the spun-off portion, without any cancellation of Cosan's shares. As such, Cosan's share capital increased from the current R$4,691,822 to R$3,632,231, and it remains divided into 407,214,353 registered common, nominative and without par value shares.

Corporate Structure

We are an integrated energy and infrastructure company and, when considered together with the Joint Venture, a Brazilian market leader in fuel distribution, sugar and ethanol production and natural gas distribution. Our main operations include: (1) the distribution of fuels in the Brazilian market through Raízen Combustíveis, our downstream joint venture company; (2) the production and sale of sugar and ethanol and the cogeneration of electricity from sugarcane bagasse through Raízen Energia, our upstream Joint Venture company; (3) the distribution of piped natural gas in part of the state of São Paulo through our subsidiary Comgás, which has been consolidated since November 2012; (4) the purchase, sale and leasing of agricultural land through our subsidiary, Radar; (5) the production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian markets under the Comma brand; and (6) certain other investments ("Cosan's other business").



A list of Cosan's subsidiaries is included in note 2.2 of Cosan's unaudited interim financial statements as of and for the three-month period ended March 31, 2016.

Joint Venture

On June 1, 2011, we and Shell Brazil Holdings B.V., or Shell, formed a joint ventures, or the Joint Venture, which consists of three separate legal entities, collectively referred to as "Raízen":

- *Raízen Energia e Participações S.A. (currently Raízen Energia S.A.), or Raízen Energia*: a sugar and ethanol company, which, among other operations, produces sugar and ethanol, and is engaged in cogeneration. Cosan and its subsidiaries and Shell and its affiliates each own 50% common equity interest in this entity. In addition, Cosan and its subsidiaries own 50% plus one share of the voting shares (and preferred shares bearing preferential dividend rights in certain circumstances), whereas Shell and its affiliates own 50% minus one share of Raízen Energia's voting shares.

- *Raízen Combustíveis S.A., or Raízen Combustíveis*: a downstream company, which supplies, distributes and sells fuels in Brazil. Raízen Combustíveis has a network of approximately 5,800 fuel stations throughout Brazil. Cosan and its subsidiaries and Shell and its affiliates likewise each own 50% common equity interest in this entity. In this entity, however, Cosan and its subsidiaries own 50% minus one of the voting shares, whereas Shell and its affiliates own 50% plus one share of the voting shares. Cosan and its subsidiaries and Shell and its affiliates also hold preferred shares bearing preferential dividend rights in certain circumstances if certain contingent targets are met.

- *Raízen S.A.*: a management company, which is the Joint Venture's face to the market and facilitates the building of a unified corporate culture. Cosan and its subsidiaries and Shell and its affiliates each own 50% of the equity and voting interests in this company.

On June 1, 2011, Cosan contributed its sugar and ethanol and its fuel distribution assets to the Joint Venture while Shell contributed its distribution assets in Brazil, its interests in second generation ethanol research and development entities (Iogen Corp. and Codexis, Inc., its aviation fuel business in Brazil) and the license to use the Shell brand. Shell was also required to make a fixed cash contribution to the Joint Venture in the amount of R$1.8 billion over a two-year period, of which the full amount had been contributed to the Joint Venture as of December 31, 2012. The sugar refining business, including the União retail brand, and lubricants distribution business along with the investment in Radar Propriedades Agrícolas S.A., or Radar, were not contributed to the Joint Venture.

Up until the adoption of IFRS 11, these investments were accounted for using the proportional consolidation method. Upon the adoption of IFRS 11, these investments are accounted for under the equity method.

Regulation

Raízen Combustíveis (Fuel Distribution)

The National Agency of Petroleum, Natural Gas and Biofuels, or ANP, is responsible for the control, supervision and implementation of the government's oil, gas and biofuel policies. The ANP regulates all aspects of the production, distribution and sale of oil products in Brazil, including product quality standards and minimum storage capacities required to be maintained by distributors and is also responsible for establishing the limits of oil-based fuel volume purchased by distributors based on their storage capacity.

Environmental health and safety standards. Fuel distributors are subject to Brazilian federal, state and municipal laws and regulations relating to environmental protection, safety and occupational health and safety licensing by fire departments and transport authorities. The National Environmental Council (*Conselho Nacional do Meio Ambiente*), or "CONAMA," is the principal government body responsible for issuing environmental standards and regulations. Environmental state agencies and municipal departments are also responsible for establishing and supervising complementary laws and regulations within their areas of operation.

Fuel distributors must obtain authorizations and/or licenses from federal, state and/or municipal environmental agencies and fire departments to implement and operate their facilities. They are required to develop programs to control air and water pollution and hazardous waste.

Raízen Energia (Sugar, Ethanol and Cogeneration)

Raízen Energia is subject to several Brazilian federal, state and municipal environmental protection and health and safety laws and regulations governing, among other things, the generation, storage, handling, use, transportation and discharge of hazardous materials into the ground, air and water as well as regulation concerning electricity generation.

Permits. Certain environmental laws require us to obtain from governmental authorities permits, licenses and authorizations to install and operate our mills, to burn sugarcane and to perform other operations.

We are subject to the regulations of the pollution control and remediation agencies of three Brazilian states:

- Environmental Company of the state of São Paulo (*Companhia Ambiental do Estado de São Paulo*), or "CETESB";
- Environmental Agency of the state of Goiás (*Agência Goiana do Meio Ambiente*), "or AGMA";
- Environmental Institute of the state of Mato Grosso do Sul (*Instituto de Meio Ambiente do Mato Grosso do Sul*), or "IMASUL."

Environmental Licensing of Raízen: We operate mills, a port facility and numerous warehouses. All mills have environmental operating licenses. CONAMA is the principal government agency responsible for issuing rules and resolutions on environmental licensing at a national level. Environmental licensing is required for the development of new facilities and for alternations in existing operations. Environmental licenses must be periodically renewed.

Sugarcane Burning: The state of São Paulo and certain municipal governments have established laws and regulations that limit our ability to burn sugarcane or that reduce and/or eliminate the burning of sugarcane entirely. We have voluntarily signed the Agro-Environmental Sugar Cane Protocol, which establishes accelerated deadlines for the reduction of sugarcane burning.

Brazilian Forestry Code: We are subject to the Brazilian Forestry Code, which prohibits land use in certain permanently protected areas, and obligates us to maintain and register a forestry reserve in each of our rural landholdings covering from 20% to 80 of the total area of such land, known as "Legal Reserve."

Environmental Liabilities: We are involved in certain administrative and judicial proceedings for alleged failure to comply with environmental laws and regulations (especially relating to contaminated areas and environmental damages caused by sugarcane burning). Non-compliance with environmental law is subject to administrative and criminal sanctions, regardless of the obligation to repair, compensate or indemnify eventual damages caused to the environment or third parties.

Federal Law No. 6,938/81 establishes strict liability for the recovery of environmental damages or, if not possible, compensation or indemnity for such damages, with joint and several liability established among all those directly or indirectly contributing to environmental degradation, regardless of the degree of participation in the damage. Each of those involved may be held liable for the full amount of the damages. In other words, the environmental civil liability regime is based on strict liability, which means that one may be held liable irrespective of negligence, intention or fault. The only element that must be identified to impute liability is the causal link (or chain of causation) between the damage that has been caused and the acts (or omissions) that have occurred. Therefore, upon a suspicion that environmental damage has occurred, the acts that contributed to the occurrence thereof must to be examined.

At the administrative level, environmental liability may be assigned by means of administrative sanctions that may include, among others: (1) fines of up to R$50 million, tailored to the economic capacity and track record of the offender, in addition to the severity of the facts and past performance; (2) suspension or interdiction of the activities; and (3) withdrawal of tax incentives and benefits.

Criminal liability depends on willful misconduct or gross negligence arising directly from the unlawful conduct of the agent, with the crimes necessarily being specifically addressed in the law. Brazilian law allows criminal liability to be assigned to individual persons as well as corporate entities. When liability is assigned to the latter, individuals taking the decision that resulted in the criminal conduct (such as directors, officers, administrators, board

members, members of technical entities, auditors, managers, agents or representatives) may also be penalized to the extent of their culpability.

Electricity Regulation: The Brazilian power industry is regulated by the National Electric Energy Agency ("ANEEL"), an independent federal regulatory agency, in accordance with the general guidelines set forth by the Ministry of Mines and Energy, ("MME").

In order to perform power generation activities, the power agent must obtain authorizations granted by ANEEL or execute concession agreements with the Brazilian government through ANEEL. The activities related to generation and commercialization of electricity performed by Raízen Energia are subject to ANEEL's supervision. Pursuant to Law No. 9,427 dated December 26, 1996, ANEEL may impose penalties (including warnings, fines, temporary suspension of the right to participate in bidding procedures for new concessions, licenses or authorizations and forfeiture) or power industry participants based on the nature of its relation with the agency (concessionaire, permitted or authorized agents) and the materiality of the infraction. In case of fines, the limit of 2.0% of the revenue of the concessionaire in the 12-month period preceding any assessment notice must be respected or, for independent producers or self-producers (authorized agents), the estimated amount of energy produced in the same period. In addition, pursuant to ANEEL´s Resolution No. 63/2004 some infractions that may result in fines relate to the failure of the agent in requesting ANEEL's prior approval to some activities, including the following:

- certain related party transactions;
- sale or assignment of the assets related to services rendered as well as the imposition of any encumbrance (including any security, bond, guarantee, pledge and mortgage) on them or any other assets related to the concession or the revenues of the electricity services;
- changes in controlling interest of the holder of the authorization or concession; and
- non-compliance with the schedule for the beginning of the commercial operation of the power plant, as previously approved by the ANEEL through the relevant agreement.

With regards to the authorizations granted by ANEEL, there is no guarantee that they will be renewed, nor can we predict how the terms of any renewed authorizations may differ from the terms of authorizations currently in force. In addition, authorizations may be terminated prior to their stated termination date in the following situations:

- in the event that energy is generated in conditions which are contrary to either the authorization or to the applicable regulatory provisions;
- if there is a default on the obligations provided under the authorization;
- in the event of transfer of the generation activities to third parties without the prior and express consent of ANEEL;
- by request of the power agent; or
- in the event that the power plant is deactivated.

In the event that the fuel suppliers of the power generators are either unable or unavailable to comply with their respective contractual obligations, in whole or in part, the power generator may be subjected to any of the following: (i) default of its regulatory duties; (ii) temporary reduction of the available amounts of energy generated or capacity to generate energy; and (iii) difficulty in maintaining assets or projects.

Brazil has historically suffered from an energy supply crisis, due to its heavy dependence on hydroelectric energy and its prolonged periods of poor rainfalls. Poor rainfall scenarios may, at first, contribute to the expansion of thermal power production, with positive impacts for thermal power plants. However, under scenarios that are more adverse, the Brazilian federal government may impose energy rationing, thereby leading to a reduction in consumption by all consumers, which would have an adverse effect on the revenues of power plants.

Controlled substances. Certain laws and regulations require us to obtain from governmental authorities permits, licenses and certificates to use controlled substances in our activities. Decree No. 3,665, dated November 20, 2000, regulates the Brazilian Army control over explosive substances and establishes that those who manufacture, store or sell such substances are required to obtain a registration certificate, which must be periodically renewed. Law No. 10,357, dated December 27, 2001, sets forth that those who manufacture, store, handle, use and distribute chemical substances that could be employed in the manufacture of narcotics or psychotropic substances are subject to control by the Federal Police Department and shall obtain the required certificates, which must be periodically renewed. In parallel, state legislation empowers each state's respective Civil Police to grant licenses for use, storage, marketing, importation and exportation of certain chemical products, usually consisting of an inspection certificate and an operating license. The sanctions that can be imposed in case of noncompliance with the applicable regulations concerning controlled substances include warnings, fines, pre-interdiction fines, interdiction, apprehension of products, suspension, cancellation or forfeiture of the corresponding certificates and licenses.

Sanitation Regulation. The food industry is regulated by the National Agency of Health Surveillance (*Agência Nacional de Vigilância Sanitária*), or ANVISA, an independent federal regulatory agency, in accordance with the general guidelines set forth by the Ministry of Health. Activities related to the production and selling of standard sugars for human consumption are subject to ANVISA's supervision and local sanitary authorities' licensing. Law No. 6,437 dated August 20, 1977, as amended, governs the imposition of sanctions against participants in the food sector, which includes warnings, fines up to R$1,500,000 (which may be doubled in case of repeated penalties), prohibition against production and/or sales, interdiction of the facilities, revocation of the sanitary permit for the facilities, seizure and/or destruction of products.

Comgás (Natural Gas Distribution)

See "—Comgás—Regulation."

Lubricants

The distribution of lubricants and related obligations are also subject to the ANP's authority. The ANP is responsible for granting authorizations for companies to engage in the distribution of lubricants. Therefore, Cosan Lubrificantes must abide by and comply with regulations regarding the handling, commercialization and disposal of lubricants. In addition, Cosan Lubrificantes is subject to substantially the same regulation by the same regulatory bodies that our fuel distribution business, Raízen Combustíveis, is subject to. See "—Raízen Combustíveis (Fuel Distribution)." Accordingly, Cosan Lubrificantes is also party to judicial proceedings for alleged failure to comply with environmental laws and regulations, especially with regard to contaminated areas.

Radar (Agricultural Land Development)

Radar is subject to several Brazilian federal, state and municipal environmental protection and real estate laws and regulations governing, among other things, the acquisition, lease and disposal of farmland investments.

Certain environmental laws require the tenants of Radar's properties to obtain permits, licenses and approvals from governmental authorities in order to conduct agricultural activities and operate storage facilities. Although Radar is a real estate investor, there is nonetheless an effect on Radar's revenues from tenants who are unable to or who are required to obtain the appropriate licenses and approvals in order to use the land.

We are subject to regulations by the following principal governmental agencies:

- *Instituto Nacional de Colonização e Reforma Agrária* or "INCRA": Responsible for regulating the ownership of rural properties. This agency monitors the operation of the rural properties.

- *Georeferencing Process*: Georeferencing is an important procedure, necessary for registering any title of an acquired rural property. This procedure must be approved by INCRA and eliminates risks of overlap in property titles. INCRA is the primary regulator for approving georeferencing for any rural properties in the country.

- *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*, or "IBAMA": is a public environmental agency, responsible for issuing environmental licenses relating to operations at a federal level.

- *Local environmental agencies:* The *Secretarias de Meio Ambiente Estaduais* (State Secretaries of the Environment), *Secretaria do Meio Ambiente* or "SEMA – MT", *Secretaria do Meio Ambiente* or "SMA" and *Instituto do Meio Ambiente e Recursos Hídricos* or "INEMA", responsible for issuing environmental licenses relating to operations at a state level.

- *Real Estate Registry Officers:* The Constitution defines land ownership rights for companies and Radar's business is subject to such rights.

- *Brazilian Forestry Code:* We are subject to the Brazilian Forestry Code, which prohibits land use in certain permanently protected areas, and obliges us to maintain and register a forestry reserve in each of our rural landholdings covering at least 20% of the total area of such land. The responsibility of maintaining the legal reserve and permanent preservation areas are both the land owner's (Radar) and the land operator's responsibilities (tenants).

Competition

Fuel Distribution

In the fuel distribution business, we are subject to competition, both from companies in the industries in which we operate and from companies in other industries that produce similar products. Our competitors include service stations of large integrated oil companies, independent gasoline service stations, convenience stores, fast food stores, and other similar retail outlets, some of which are well-recognized national or regional retail systems. The Brazilian fuel distribution industry has consolidated significantly in recent years, with the three major distributors increasing their combined market share from 65.2% in 2000 to approximately 80% in 2015.

According to Sindicom, the top-four distributors in Brazil are: Petrobras, operating through the BR Distribuidora brand, Ultrapar S.A., through the Ipiranga brand, Raízen, through Shell and AleSat Combustíveis S.A., a domestic Brazilian fuel distribution company. The main competitive factors affecting the retail marketing operations include site location, product price, selection and quality, site appearance and cleanliness, hours of operation, store safety, customer loyalty and brand recognition. We believe that we are in a strong position to compete effectively on ethanol due to the synergies that further integration with Shell will bring.

We also face competition from international ethanol producers that use other ethanol sources, such as corn and sugar beet for the generation of fuel ethanol.

Sugar, Ethanol and Cogeneration

The sugar industry in Brazil has experienced increased consolidation through merger and acquisition activity during the past decade. Most of this activity has involved companies and facilities located in the central-south region of Brazil, one of the most productive sugar producing regions in the world. Despite this recent wave of consolidation, the industry remains highly fragmented with more than 320 sugar mills and 100 company groups participating.

We also face competition from international sugar producers. According to UNICA, we are the largest sugar producer in Brazil and one of the largest sugar producers in the world with 4.1 million tons of sugar produced in the 2014/2015 harvest, compared to British Sugar (1.2 million tons of sugar produced in the 2011/2012 harvest) and Südzucker AG of Germany (4.9 million tons of sugar produced in the 2012/2013 harvest). These producers, however, are the beneficiaries of considerable governmental subsidies in their principal sales markets.

Natural Gas

See "—Comgás—Competition."

Research and Development

In addition to those described in "—Comgás—Research and Development", our principal research and development activities are currently concentrated in the following key areas:

- We engage CanaVialis S.A., or "CanaVialis," to provide us with access to its sugarcane genetic improvement program specifically tailored to Raízen Energia's mills. CanaVialis, which is a subsidiary of Monsanto, is a privately owned firm focused on the genetic improvement of sugarcane. We benefit from their support services and use of their bio factory (the largest in Brazil), which allows us to decrease the amount of time required for seedling production and grants us access to new, improved sugarcane varieties through their genetic improvement program. CanaVialis also conducts field trials and region-specific genetic selection programs to develop sugarcane varieties for our greenfield projects for the construction of new sugarcane mills.

- Raízen also invests in innovation in the ethanol manufacturing process. Raízen has an interest in Shell's commercialization rights of Iogen Energy, which conducts research into advanced fuels, including ethanol extracted from the cellulose of sugarcane and other plants.

- We conduct research and development into renewable base oils through Novvi S.A., a Joint Venture between Cosan and Amyris formed in 2011. Novvi was established for the worldwide development, production and commercialization of renewable base oils made from Biofene, Amyris' renewable farnesene.

Seasonality

Our sugar production depends on the volume and sucrose content of the sugarcane that we cultivate or that is supplied to us by growers located in the vicinity of our mills. Crop yields and sucrose content depend primarily on weather conditions such as rainfall and temperature, which vary and may be influenced by global climate change. Weather conditions have historically caused volatility in the ethanol and sugar industries and, consequently, in our results of operations by causing crop failures or reduced harvests. Flood or drought, which may be influenced by global climate change, can adversely affect the supply and pricing of the agricultural commodities that we sell and use in our business. During the third and fourth quarter of 2014, a severe drought affected the areas in which we operate.

Future weather patterns may reduce the amount of sugar or sugarcane that we can recover in a given harvest or its sucrose content. In addition, our business, particularly the business of Raízen Energia, is subject to seasonal trends based on the sugarcane growing and harvesting cycle in the central-south region of Brazil. The annual sugarcane harvesting period in the central-south region of Brazil begins in April/May and ends in November/December. This creates fluctuations in our inventory, usually peaking in December to cover sales between crop harvests (i.e., December through April), and a degree of seasonality in our gross profit, with ethanol and sugar sales significantly lower in the quarter ended on December 31.

None of our other business segments are subject to significant seasonal trends.

Property, Plant & Equipment

For more information related to property, plant and equipment see note 14 of Cosan's unaudited interim financial statements as of and for the three-month period ended March 31, 2016 and note 15 of Cosan's audited financial statements as of and for the fiscal year ended December 31, 2015 attached hereto.

We present a summary below of our material tangible fixed assets, including investment properties and intangible assets (concessions), by segment:

Raízen Combustíveis

Raízen Combustíveis distributes fuels through 69 distribution terminals to approximately 5,800 service stations throughout Brazil under the Shell brand and also has 59 airport terminals supplying aviation fuel.

Raízen Energia

Raízen Energia operates 24 mills with a crushing capacity of 68 million tons and 940 MW of annual generation capacity. All of these facilities are located in the central and southeastern regions of Brazil, which is one of the world's most productive sugarcane regions, primarily because of its favorable soil, topography and climate, nearby research and development organizations and logistics infrastructure.

Comgás

See "—Comgás—Property, Plant & Equipment."

Cosan Lubrificantes

Cosan Lubrificantes has a production plant located on the Ilha do Governador, Rio de Janeiro, with a production capacity of 1.7 million barrels of lubricants per year, storage capacity for base oils and lubricants (195,000 barrels) and a pier facility for docking ships of up to 20,000 tons.

Radar

Radar is one of the largest private landowners in Brazil, with a portfolio of approximately 104 thousand hectares of owned agricultural land and approximately 184 thousand hectares of non-owned land under management. The total value of the portfolio was R$5.6 billion as of December 31, 2015.

Material Agreements

The following table sets forth the maturity schedule of our material contractual financial obligations (contracted undiscounted cash flows basis) at March 31, 2016:

	Total	Less than 1 year	1 to 2 years	3 to 5 years	More than 5 years
			(in R$ millions)		
Long-term debt obligations (1)	15,415.3	1,641.1	2,408.1	5,453.9	5,912.2
Trade payables	1,391.6	1,391.6	—	—	—
Tax Amnesty and Refinancing Program – REFIS	30.8	6.6	5.5	9.8	8.9
Total	16,837.7	3,039.3	2,413.6	5,463.7	5,921.1

(1) Include future interests based on the applicable rates at March 31, 2016 and the cash flow estimate for the preferred shares.

Since March 31, 2016, there have been no material changes to the contractual obligations described above.

Capital Expenditures

For an overview of our historical capital expenditures, see "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cosan—Liquidity and Capital Resources—Capital Expenditures." Our capital expenditure program is currently focused on the following areas:

Raízen Energia

Brownfield Projects

Raízen has brownfield projects being considered for implementation until the 2018/19 harvest on mills totaling R$1.5 billion which we estimate will expand our annual sugarcane crushing capacity by the 2019/2020 harvest:

Mill	Estimated completion date	Current crushing capacity	Future crushing capacity	Increase	Investments (in millions of *reais*)
		(in million tons per year)			
Caarapó	2017	2.3	4.4	2.1	388.0
Paraguaçu	2016	2.1	2.6	1.5	291.3
				3.6	679.3

Logum - ethanol pipeline

Logum is the company responsible for construction and operation of the Ethanol System Logistics (logistics, loading, unloading, handling and storage) that involve multimodal transport: pipelines, highways (tankers) and coastal (vessels). The Logum pipeline is anticipated to connect the main ethanol producing regions in the states of São Paulo, Minas Gerais and Goiás to the main points of storage and distribution in Paulínia (upstate São Paulo) and in the city of São Paulo. It is anticipated that part of this integrated system will consist of a long distance runner, of about 610 km (380 miles), which will connect the regions of Itumbiara (state of Goiás) and Paulínia (state of São Paulo). The estimated investment for construction is R$3.6 billion (expected to be mostly financed through BNDES).

Raízen owns 20% of Logum along with five other companies as follows: Copersucar (20%), Odebrecht (20%), Petrobras (20%), Camargo Corrêa (10%) and Uniduto (10%). Raízen Energia holds a 46.5% equity interest in Uniduto.

Comgás

See "—Comgás—Capital Expenditures."

Radar

Radar currently has an owned land portfolio of approximately 104 thousand hectares and the fair value recorded in our accounting records was R$2.7 billion as of March 31, 2016.

Employees and Union Relations

As of March 31, 2016, we had 26,580 employees (including Raízen and Comgás personnel). The following table sets forth the number of our total employees by segment for the dates indicated:

	As of March 31,		As of December 31,	
	2016(1)	2015(1)	2014(1)	2013(1)
Agricultural	11,382	13,404	13,950	15,236
Industrial	9,884	9,596	9,895	9,446
Administrative	4,007	3,826	5,648	4,850
Other/Port	1,307	1,358	876	965
Total	26,580	28,184	30,369	30,497

(1) Includes Comgás.

We pay a mandatory union contribution for all of our employees. We believe that we have good relations with our employees and the unions that represent them, and we have not experienced a strike or other labor slowdown since 1992. Collective bargaining agreements to which we are party have either one-year or two-year terms, are subject to annual renewal and are subject to changes in Brazilian law. We apply the terms of bargaining agreements entered into with the unions equally to unionized and non-unionized employees.

Our total annual payroll was R$541.0 million (excluding Raízen) as of December 31, 2015, which includes a provision for vacations, and bonuses, taxes and social contributions.

We offer our employees, including our executive officers, various benefits, which are provided in accordance with the employee's position in our company. Benefits include medical (including dental) assistance, meal and transport vouchers, life insurance, maternity leave, scholarships and funeral assistance and nursery assistance. Members of our board of directors are not entitled to these benefits. All of our employees participate in profit sharing plans developed with the labor unions of which our employees are members, which provide performance-based compensation. Additionally, certain executive officers, managers or eligible employees receive equity-based compensation. See "Management—Cosan—Compensation."

Legal and Administrative Proceedings

We are party to numerous legal proceedings, the most relevant of which are further described below.

Probable Losses

In the ordinary course of our business, we, our subsidiaries and jointly-controlled entities are party to a number of legal proceedings, and we have recorded provisions in an aggregate amount of R$703.3 million as of December 31, 2015, and R$722.1 million as of March 31, 2016. Provisions relating to probable losses are categorized into tax, civil and labor, described below.

Tax. We recorded provisions of R$376.5 million and R$382.1 million for tax proceedings involving probable risk of loss as of December 31, 2015 and March 31, 2016, respectively. The principal tax proceedings for which the risk of loss is probable are described below:

- *FINSOCIAL – Offset requests.* The Brazilian federal tax authorities refused to ratify requests made by Cosan Lubrificantes to set-off undue payments of FINSOCIAL, a social tax levy, against other tax debts. Based on a favorable judicial decision, Mobil acquired the right to set-off FINSOCIAL tax payments against certain COFINS payments. However, a subsequent favorable judicial decision granted Cosan Lubrificantes immunity against the enforcement of such COFINS-related debts. Therefore, previous set-off requests were extinguished, since the COFINS debts ceased to exist, and Cosan Lubrificantes sought to reuse the relevant tax credits to set-off other tax debts. However, the Brazilian federal tax authorities refused to ratify part of the set-offs, claiming that the COFINS immunity applied only to the fiscal year during which the lawsuit was filed (i.e., in 1992). No judicial deposits were made for these proceedings. The provision for this proceedings was R$241.7 million as of December 31, 2014, R$255.0 million as of December 31, 2015 and R$258.5 million as of March 31, 2016. The risk of loss is classified as probable.

- *ICMS* - A considerable portion of the amount accrued as ICMS was paid in cash under the provisions of Decree Nº 58,811 issued on December 27, 2012, which established the State of São Paulo Special Installment Program of ICMS (PEP-ICMS). We have provisioned amounts relating to tax assessments issued against us by the tax authorities related to several types of ICMS credits, including: (a) an assessment notice related to ICMS payments for raw material purchases which are considered for "use and consumption" and therefore, according to the tax authorities, are not eligible for compensation, and (b) an assessment, as sole obligor, for allegedly disregarding withholding obligations of ICMS taxes in relation to a tolling agreement, arising from an agricultural partnership between the Company's sugarcane plants and Central Paulista Ltda. Açúcar e Álcool. No judicial deposits have been made in connection with these proceedings. These provisions amounted to R$29.2 million as of December 31, 2015 and R$30.0 million as of March 31, 2016.

Civil, regulatory, environmental and other claims. Cosan, its subsidiaries and jointly-controlled entities are parties to a number of civil legal claims related to (1) indemnity for physical and moral damages; (2) public civil claims related to sugarcane stubble burning; (3) environmental matters; and (4) other matters. Provisions for civil claims as of December 31, 2015 amounted to R$161.7 million and R$171.8 million as of March 31, 2016. As of March 31, 2016, R$19.1 million in judicial deposits were made for civil and environmental claims, and this figure was R$19.4 million as of December 31, 2015.

Labor claims. Cosan, its subsidiaries and jointly-controlled entities are also parties to a number of labor claims filed by former employees and service providers challenging, among other matters, the payment of overtime, night shift premiums and risk premiums, the recognition of employment relationships and the reimbursement of discounts from payroll, such as social contribution and trade union charges. Additionally, we are involved in several labor administrative and judicial proceedings such as labor investigations and class actions filed by the labor prosecutor's office regarding alleged non-compliance with certain labor regulations, including work and safety rules, labor conditions and work environment, and social assistance plans. Moreover, we entered into certain consent orders (*Termos de Ajustamento de Conduta*) with Brazilian authorities and in the event we fail to comply with such consent orders, we could be subject to fines. Provisions for labor claims as of December 31, 2015 amounted to R$165.1 million and R$168.2 million as of March 31, 2016.

Possible Losses

In addition, there are currently certain legal proceedings pending in which we are involved for which we have not recorded provisions, as we deem the likelihood of loss as possible. If adverse decisions are rendered against us in any of these legal proceedings, our results of operations or financial condition could be materially and adversely

affected. The aggregate amount involved in proceedings for which our risk of loss has been deemed possible as of March 31, 2016 totaled R$8,324.1 million of which R$6,651.2 million, R$1,239.0 million and R$433.9 million were related to tax, civil and labor claims respectively. The principal proceedings for which we deem the risk of loss as possible are described below:

- *Withholding Income Tax – capital gain Exxonmobil.* The Brazilian federal tax authorities issued a tax assessment against Cosan Lubrificantes, as the responsible party for the collection of withholding income tax allegedly due on the capital gains earned by Exxonmobil International Holdings B.V. and Exxonmobil Brasil Holdings B.V., companies incorporated outside of Brazil, in connection with the sale of cooperatives headquartered in the Netherlands. According to the Brazilian tax authorities, the real intention of Cosan Lubrificantes was to acquire Esso Brasileira de Petróleo Ltda. According to the Company, the updated amount under discussion in these proceedings is of R$999.7 million, including interest and a 150% penalty, of which R$744.7 million is classified as a possible risk of loss as of March 31, 2016 and R$ 729.1 million as of December 31, 2015. Currently, Cosan Lubrificantes is awaiting judgment of the special appeal filed in the Superior Chamber of Tax Appeals.

- *Goodwill on the acquisition of Esso.* The Brazilian federal tax authorities issued two tax assessments against Cosan Lubrificantes for the collection of corporate income taxes relating to 2009, 2010 and 2011 due to the write off of goodwill expenses accrued in connection with the acquisition of cooperatives which controlled Esso Brasileira de Petróleo Ltda. According to Cosan Lubrificantes, the updated amount under discussion is of R$515.8 million, including interest and a 150% fine, of which R$370.4 million is classified as a possible risk of loss and R$145.4 million is classified as a remote risk of loss. Currently, Cosan is awaiting a decision on the motion for clarification filed against the partially favorable decision rendered by the Administrative Court of Tax Appeals.

- *ICMS -inventory differences.* The tax authority of the state of São Paulo issued two tax assessment notices, one against Raízen Energia and one against Cosan S.A., in February, 2012 relating to ICMS taxes on inventory differences. A decisions rendered by the First Administrative Trial Court was partially favorable with respect to one of these tax assessments, which is currently pending a decision of the Second Administrative Trial Court. In relation to the other tax assessment, the First and Second Administrative Trial Court's decisions were unfavorable and a decision on the appeals filed is currently pending. The total amount involved in such proceedings is R$666.0 million. The risk of loss is partially classified as remote (R$586.5 million) and partially classified as possible (R$79.5 million).

- *Environmental Civil Class Action*. Cosan is being sued by the Municipality of Ulianópolis by means of the civil class action No. 0000749-68.2011.8.14.0130, for environmental damages related to alleged irregular waste disposal in a landfill located in the Municipality of Ulianópolis, in the state of Pará. Eight other companies are involved in the same lawsuit, and the plaintiff intends to declare all of them as jointly liable for restoring the environmental damage therein involved. The plaintiff seeks R$89.4 million but the specific amount needed to restore the damage cannot be estimated. It is also important to highlight that more than 50 companies are involved in the same matter by means of other lawsuits and a civil investigation currently being held by the State of Pará's Public Prosecutor's Office. Therefore, it is expected by some of these companies that any settlement or condemnation in this matter should comprise all of them. The lawsuit is currently suspended due to a plea from the Public Prosecutor's Office.

Judicial Deposits

In accordance with court orders concerning certain tax, civil and labor lawsuits, we had bank judicial deposits in an aggregate amount of R$417.1 million as of March 31, 2016.

Tax Amnesty

In 2009, the Brazilian Government created a tax amnesty and refinancing program, permitting taxpayers to settle their federal tax debts under previous refinancing programs, and other federal taxes subject to court disputes, with discounts on penalties and interest, and pay the balance in installments ("REFIS"). On June 28, 2011, CLE, as successor to Esso Brasileira de Petróleo Ltda., joined the tax amnesty and refinancing program upon request of ExxonMobil Brasil Holdings B.V. ("ExxonMobil"), the entity that is legally responsible for the tax contingencies

existing up to the date of acquisition of Essobrás by us. As of December 31, 2015, the outstanding balance under REFIS was of R$30.8 million and R$27.6 million as of March 31, 2016.

Comgás

We are an integrated energy company that engages primarily in the distribution of piped natural gas. We are the largest supplier of natural gas in Brazil (excluding thermal generation) with an approximate 26% market share in Brazil in terms of volume of natural gas sold in 2015, according to ABEGAS. We operate a pipeline network reaching over 14,000 kilometers and delivering natural gas to more than 1.6 million residential consumers in over 83 cities as well as clients in the industrial, commercial, cogeneration, thermal plants and gas station segments, for a total of approximately 1.6 million customers as of March 31, 2016.

Our concession area covers regions that account for approximately 26% of Brazil's GDP, according to IBGE. The concession area includes 177 municipalities and the metropolitan regions of the city of São Paulo, Campinas and Santos as well as the Paraíba Valley. The map below shows the concession area in which Comgás operates and its proximity to the offshore natural gas fields in the Santos basin (*Bacia de Santos*) which serves its supply:



Our natural gas distribution activities are mainly focused on the following business lines:

- *Residential, commercial and industrial distribution*: involves the distribution of natural gas to residential, commercial and industrial customers;
- *Automotive fuel*: involves the distribution of natural gas as automotive fuel;
- *Thermal power generation*: involves the distribution of natural gas for use in the generation of electrical energy through the burning of natural gas; and
- *Cogeneration*: involves the simultaneous production of thermal and electrical energy as a by-product of natural gas-generated electrical energy.

The tables below present the contribution of each of our business lines to our net revenues for the three-month period ended March 31, 2016 and for the years ended December 31, 2015, 2014 and 2013.

	For the Three-Month Period Ended March 31,	For the Year Ended December 31,		
	2016 % of Net Revenue	2015 % of Net Revenue	2014 % of Net Revenue	2013 % of Net Revenue
Residential distribution	10.6	10.3	9.9	10.1
Commercial distribution	3.7	4.3	4.0	3.7
Industrial distribution	68.9	63.8	64.5	63.3
Thermal generation	3.5	7.8	6.4	4.7
Cogeneration	3.7	4.1	3.9	4.0
Automotive fuel	3.2	3.0	3.1	3.1
Construction revenues	4.5	6.2	7.5	10.6
Other services	1.8	0.6	0.6	0.4

Our Operations

We serve the residential, commercial and industrial segments, as well as thermoelectric generating plants, cogeneration plants and natural gas stations for automotive users. In addition to natural gas distribution, we focus on the expansion of the use of natural gas, seeking to make the benefits of natural gas accessible to all social classes and developing new commercial applications in natural gas for businesses and the manufacturing industry. In 2015, we distributed 4.3 billion cubic meters of natural gas (excluding thermal generation), with total net sales of R$6.6 billion. We focus on safety and performance with our labor force of 979 employees as of March 31, 2016, operating with "zero injuries combined with high performance" as our motto.

We are well-positioned as a major distributor of natural gas in Brazil and we believe the prospects for future availability of natural gas in Brazil are positive based on expected exploration of carbon deposits discovered in the pre-salt layer offshore of Brazil.

Key sales information related to our business is set forth in the table below for the periods indicated:

Comgás Highlights	For the Three-Month Period Ended March 31, 2016	For the Fiscal Year Ended December 31, 2015	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013
Natural gas sold (million cubic meters)	1,058.7	5,210.9	5,458.7	5,457.0
Net sales (R$ million)	1,460,1	6,597.0	6,387.1	6,336.6

We comply with industry and regulatory standards set forth by ARSESP, which is the regulatory body in charge of natural gas distribution concessions in the state of São Paulo, where we operate. We maintain continuous dialogue with ARSESP through its directorate for Regulatory and Institutional Affairs, in order to improve or formulate industry policies. We believe that the track-record of ARSESP in recent years has contributed to and will continue to maintain a stable regulatory environment for the foreseeable future. The concession agreement for distribution in these areas has been in effect since we were privatized in 1999 and will remain in effect for a total term of 30 years with an optional 20-year renewal at the discretion of the Government of the State of São Paulo, subject to certain conditions, such as approval of such renewal by ARSESP.

Our concession agreement establishes five-year rate cycles as well as conditions for the calculation and application of the tariffs during each rate cycle, which is intended to establish fair rates for both concessionaires and end-users. In addition, ARSESP has authority to regulate investments that we make, and oversees our quality, reliability, and safety for the service provided by setting the relevant standards with respect to each.

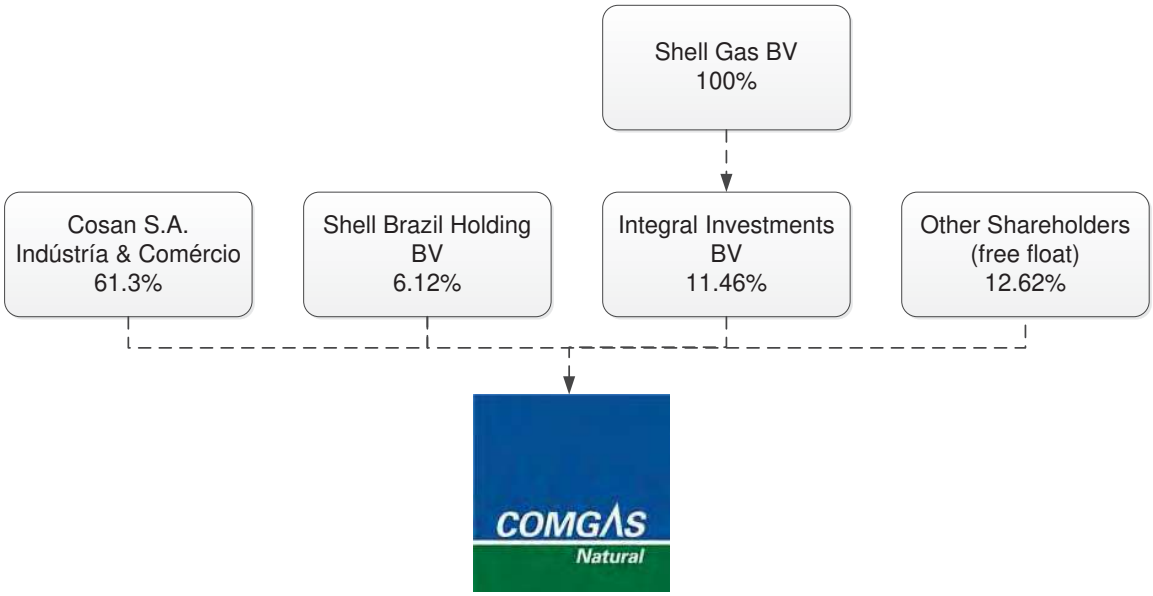
No customers or specific groups represented 10% or more of net sales for the year ended December 31, 2015.

History and Recent Developments

We were incorporated in 1872 as a state-owned company to explore the lighting services concession within the state of São Paulo, Brazil. In 1996, we registered as a publicly-held company with the CVM and our shares were first listed on the BM&FBOVESPA in 1997. In 1999, during the privatization process, BG Group and Shell acquired the controlling equity interest in Comgás.

On November 5, 2012, Provence, a subsidiary of Cosan, acquired 60.05% of our share capital for R$3.4 billion. As a result of the above-mentioned acquisition, Cosan and the other principal shareholders of Comgás, Integral and Shell, subsidiaries of Shell Petroleum NV of the Shell Group entered into a shareholders' agreement. Shell and Shell Gas BV, which have a direct and indirect interest in Comgás, respectively, corresponding to 18.2% of its share capital, has been granted an option to convert its current stake of 21,805,645 Comgás common shares into 30,917,231 of Cosan shares. The exercise of this option may occur during a period of approximately 30 days at the third, fourth or fifth anniversary from the closing date.

Corporate Structure



Natural Gas Distribution

The distribution of natural gas involves construction, maintenance, and operation of physical pipeline distribution networks for the movement of natural gas from city gates to the end users. Distribution is treated as a natural monopoly because of the high cost of constructing the transportation infrastructure.

Our main activity comprises the distribution of piped natural gas to the following business segments:

- *Residential, commercial and industrial distribution*: involves the distribution of natural gas to residential, commercial and industrial customers;
- *Automotive fuel*: involves the distribution of natural gas as automotive fuel;
- *Thermal power generation*: involves the distribution of natural gas for use in the generation of electrical energy through the burning of natural gas; and
- *Cogeneration*: involves the simultaneous production of thermal and electrical energy as a by-product of natural gas-generated electrical energy.

In addition to distributing natural gas within our concession area, we also render certain services, such as construction, assembly, sell, intermediation, installation, maintenance and technical assistance related to equipment supply, heating and cooling systems, energy generation and other energy equipment and products in connection with our distribution of piped natural gas.

As a distributor of piped natural gas, our core business is to provide our customers on a continuous basis with the proper amount of natural gas. Therefore, our activities do not include the manufacturing or production of any kind of fuel or other materials.

Our concession area is located in the state of Sao Paulo, the wealthiest state in Brazil, covering 177 municipalities, including the cities of Sao Paulo and Campinas. We believe that our concession area is located in a strategic geographical site in terms of natural gas supply, since it is served by several natural gas fields which can be easily transported through a widely extended natural gas pipeline network. We can receive natural gas from Merluza, Lagosta, Lula and Mexilhão fields, all of them located within the Santos basin (*Bacia de Santos)*. Also, we are supplied by natural gas from Bolivia.

The map below sets forth the natural gas supply system used by us:



In recent years, various fossil fuel reserves, including natural gas, were discovered in Brazilian territory and proved natural reserves in Brazil were 8.3% higher in 2013 than in 2010, reaching 434.0 billion cubic meters. The national production of natural gas reached an average of 95 thousand cubic meters per day in the three-month period ended March 31, 2016. As a result, on March 31, 2016, 39.2% of the entire amount of the natural gas bought by us was originated in the Santos basin (*Bacia de Santos*) or Campos basin (*Bacia de Campos*). However, a portion of the natural gas we distribute comes from Bolivia, through the Bolivia-Brazil pipeline, which, in the three-month period ended March 31, 2016, represented 60.8% of the natural gas that we distributed.

In order to distribute the natural gas that our customers demand, we entered into a diversified portfolio of natural gas suppliers agreements with Petrobras, which is a state-owned entity, which we understand are sufficient to meet all demand for our business lines. Such supply agreements provide for certain provisions related to natural gas prices and potential adjustments, as well as other specific obligations.

Except for the agreements entered within the priority thermoelectric program (*Programa Prioritário de Termeletricidade*), or PPT, in which there is a maximum price for the supply agreements established by the Brazilian government, since 2001 the prices and rates agreed in the supply agreements freely negotiated among the parties. Moreover, according to the supply agreements to which we are a party, we are required to pay fixed demand charges to ensure the availability of supplies on any given day (take or pay requirement). Occasionally, we also purchase natural gas supplies on the spot market to fulfill our supply requirements or to take advantage of favorable short-term pricing. For further information regarding our material supply agreements, please see "—Material Agreements."

We have a demand-planning department that focuses on securing raw materials, labor and technology to expand and maintain our pipeline network. In addition, we continuously engage our suppliers and their employees in education and training efforts. All outsourced employees must pass certain registration procedures and have their technical competence tested before they can begin providing services to us. In addition, we monitor the safety, quality of service and operational performance levels of these providers to ensure overall success of our operations.

Our distribution system in currently made up of iron ore, carbon and polyethylene networks, measuring from 50 to 500 millimeters in diameter and operates at different pressure levels. The polyethylene pipelines are the most commonly used because it is more resistant to chemicals and electricity, is more flexible and has a much longer useful life, which is estimated in about 50 year at 20 degrees Celsius.

The table below sets forth certain operational data for the periods indicated:

Operating Data	For the Three-Month Period Ended March 31,	For the Year Ended December 31,		
	2016	2015	2014	2013
Total network (in km)	14,558	14,284	12,554	10,938
Natural gas sold/distributed (thousand cubic meters)	1,058,655	5,210,899	5,458,697	5,456,954
Daily volume (in cubic meters)	11,63	14,28	14.96	14.95
Total clients	1,605,838	1,573,696	1,460,615	966,327
New clients	32,142	113,081	494,288	118,333

Regulation

The Brazilian constitution adopts a distinct regulatory regime for natural gas distribution, allocating regulatory jurisdiction over the natural gas industry to two different public authorities: the Brazilian government and the governments of each Brazilian State and Federal District.

The Amendment No. 05/1995 to the Brazilian constitution allowed Brazilian States to privatize its natural gas distribution companies pursuant to concessions granted to publicly-owned or private companies. As the distribution of natural gas is deemed to be a public service, the regime established by the Federal Law No. 8,987/1995, or the Concessions Law, applies to our operations.

At a state level, we must abide by the State of São Paulo legislation, especially Decree 43,889/1999 that establishes the regulation of concession and permission for the public utilities of natural gas distribution and the Law 7,835/1992 that establishes the regime for concessions granted within the state.

According to the Concessions Law, concessionaires must render the service and answer for all losses caused to the granting authority, users or third parties. Without exempting itself from its responsibilities, the concessionaire may contract with third parties the development of inherent activities, accessory, ancillary or complementary to the service, or the implementation of associated projects.

The Concessions Law establishes general rules regarding the fixation of tariffs for the provision of public service and concession agreements have as basic principle the preservation of the economic-financial balance, through regular reviews and tariffs adjustments. Therefore, in order to distribute piped gas granted under the concession agreement, Comgás must comply with the tariffs established by ARSESP and adjusted from time to time. The concession assumes that services will be adequately performed, insofar as satisfying conditions of

regularity, continuity, efficiency, security, up-to-date methods, generality, courtesy in their provision and moderateness of tariffs.

Pursuant to the Concessions Law, the granting authority may, in extraordinary cases and provided that the due process of law is observed, intervene in the concession in order to ensure adequate provision of services and full compliance with the applicable provisions of law, regulations and the concession agreement. As per the Concession Law and the provisions regarding termination events set forth under the concession agreement, the concession may also be extinguished in the following cases: maturity of the contractual terms, expropriation (the recovery of the service by the concession authority during the concession term for reasons of public consequence and necessity, by the enactment of a specific authorizing law in that regard and after prior payment of indemnification to the concessionaire), breach, poor performance or noncompliance with the concession agreement (in which case the granting authority will indemnify an indemnification to the concessionaire), annulment and bankruptcy or dissolution.

Our activities are supervised and regulated by the ANP and by ARSESP (formerly the Energy Public Services Commission (*Comissão de Serviços Públicos de Energia*). We are subject to regulations on a national level by ANP and on a state level by ARSESP.

Petroleum, Natural Gas and Biofuels National Agency - ANP

The ANP is a Brazilian federal administrative body linked to the MME that was incorporated through the Decree No 2,455, dated as January 14, 1998, and whose main purpose is to regulate the activities related to the oil, natural gas and biofuel economic sectors. Also, the ANP is responsible for carrying out the Brazilian national policy in relation to the oil, natural gas and biofuel energy sectors. In addition, the ANP establishes the administrative regulation on the oil, natural gas and biofuel trade, acting together with the MME and the National Council of Energy Policy, or CNPE, among other entities.

Sanitation and Energy Regulatory Agency for the State of São Paulo - ARSESP

ARSESP is a Brazilian state administrative body linked to Energy Department of the State of São Paulo, incorporated through the Law 1,025, in 2007, whose main purpose is to regulate, control and supervise the piped natural gas and sanitation services.

We maintain a constructive and collaborative relationship with our main regulators to improve performance and regulation and create new industry policies. Based on our experience with regulators in recent years, we do not believe that there will be any sudden changes in regulation that may affect our business.

Regulatory Tariffs

Comgás is subject to regulatory tariffs, which are readjusted every five years to control for inflation and input cost variations. During the period from 2004 through 2009, our tariffs were adjusted by 11.76%, from 2009 through 2014, our tariffs were adjusted by 9.55% and in the period from 2014 through 2019, our tariffs are expected to be adjusted by 8.04%. The next regulatory review was expected to take place during 2015. However, ARSESP was not able to proceed with the review for the 2014-2019 cycle due to internal reasons. Therefore, in order to avoid any harm to the economic-financial balance of the concession agreement, ARSESP has issued Ruling No. 575, dated May 07, 2015, establishing temporary regulatory tariffs.

Gas tariffs are priced on a pass through basis using the regulatory account. Pursuant to this method, the difference between the cost of gas paid to suppliers and the cost of gas included in our rates is accumulated in this regulatory account and passed through to customers, as required by ARSESP.

Competition

We have exclusive natural gas distribution rights within our concession area until 2029, which allows us to provide our residential, commercial, industrial automotive fuel customers, as well as, cogeneration and thermal power generation facilities with natural gas. Our concession area covers approximately 26% of Brazil's GDP (according to the IBGE), including 177 municipalities in the metropolitan regions of São Paulo, Campinas and Santos as well as the Paraíba Valley. For residential and commercial customers, we hold exclusivity rights within our area of concession. For our industrial customers, we have exclusive distribution rights until 2029.

Despite the fact that we do not have any natural gas competitor within the area where we perform our activities, we face competition from other energy suppliers, such as electricity concessionaires and oil, combustible oil, biomass, gasoline and ethanol producers. In 2011, when the exclusivity period of our concession agreement expired, we began facing competition from natural gas providers to free consumers of natural gas, which refers to large-scale users who consume over 300,000 cubic meters of natural gas per month and purchase natural gas on the spot-market.

Research and Development

A number of our research projects seek to encourage rational use of natural gas and boost its share of the Brazilian energy matrix. A research and development program to encourage conservation and rational use of natural gas was started in 2004. Since then, we have developed partnerships with leading universities such as São Paulo University (*Universidade de São Paulo*), or USP, State University of Campinas (*Universidade Estadual de Campinas*), or UNICAMP, and São Paulo State (*Universidade Estadual Paulista*), or UNESP, all of them renowned for their research centers and new firms. In 2013 a new superintendence was created to develop new gas application alternatives.

Seasonality

Seasonality affects the rate of sale and distribution of natural gas. Our consumers have higher consumption rates in the winter months due to the increase in industrial production and use of heated water while the summer months are not as strongly affected. The table below sets forth the consumption volume for each quarter during the periods indicated.

	2015		2014		2013	
	Volume sold (m3)	%	Volume sold (m3)	%	Volume sold (m3)	Volume sold (m3)
First Quarter	1,302,389	24.99	1,313,066	24.05	1,367,015	25.05
Second Quarter	1,359,250	26.08	1,399,398	25.64	1,431,346	26.23
Third Quarter	1,307,027	25.08	1,369,371	25.09	1,307,881	23.97
Fourth Quarter	1,242,232	23.84	1,376,862	25.22	1,350,713	24.75
Total	**5,210,899**	**100.00**	**5,458,697**	**100.00**	**5,456,954**	**100.00**

In addition, during the third and fourth quarter of 2014 and all over 2015, due to a severe drought affecting our concession area, our customers, especially the residential customers, were encouraged to save water. As a relevant portion of our revenues comes from the residential segments, and a significant portion of natural gas used by residential consumers is used for heating water, we have been facing a decrease of our net revenues related to the residential segment. Therefore, the seasonality of our business may be materially affected by unusual climate patterns or other economic and political developments.

To mitigate the effects of increases in the cost of natural gas, we attempted to acquire further reserves of natural gas at more competitive prices in auctions conducted by Petrobras. However, owing to a decrease in hydroelectric reserves and the risk of an energy crisis, demand for gas spiked and consequently decreased the availability of gas in the Petrobras auctions, negatively impacting our ability to reduce our costs to acquire natural gas.

Environmental Matters

Environmental licenses and permits

Brazilian environmental law sets out that the regular performance (including with respect to location, construction, installation, expansion, modification and operation) of effectively or potentially polluting activities or activities that may cause any harm to the environment are subject to the previous approval by the relevant environmental agency. Such procedure is required either to the facility's initial installation and operations, or to any enlargement or modification of its activity. Once granted, operation licenses must be renewed periodically to ensure ongoing compliance with technical requirements. Requests for renewal of environmental licenses must be presented to the competent agency on a timely basis (i.e. 120 days prior to expiration date, as a general rule).

Our operations are subject to environmental licensing by federal, state or local environmental agencies, depending on location or extent of environmental impacts caused by our activities. For example, our distribution network system in the state of São Paulo is subject to environmental licensing at state level.

The environmental licensing process is generally comprised of three stages: preliminary license, installation license and operational license.

- Preliminary License, or the LP: determines the environmental feasibility of the project, approving its conception and location and establishes the basic requirements and environmental conditions to be satisfied during the following steps of the implementation of the of the project;

- Installation License, or the LI: authorizes the installation or construction of the facility and contemplates the compliance measures and other environmental conditions to be satisfied before the facility starts operating; and

- Operational License, or the LO: authorizes the start of the operational activities of the facility and establishes the compliance measures and environmental conditions that should be satisfied during the operational phase.

Furthermore, Brazilian law sets forth that potentially polluting activities or activities that use environmental resources must be registered with the IBAMA, by means of a Federal Technical Register of Potentially Polluting Activities (*Cadastro Técnico Federal das Atividades Potencialmente Poluidoras*), and a registration fee (*Taxa de Controle e Fiscalização Ambiental*), or TCFA, must be paid on a quarterly basis. The TCFA's total amount varies between R$50.00 and R$2,250.00, depending on the revenues of the company, its potential polluting impact and its natural resources utilization level.

The lack of a valid registration with IBAMA comprises an administrative noncompliance with the law which may be punished by means of fines whose total amount may vary between R$50 and R$9,000.00. Also, the lack of payment of the TCFA may result in fines corresponding to 20% of the due and payable total value, plus default interest of 1%. Any delays or rejections by the environmental bodies in connection with the issuance or renew of the environmental licenses, as well as any eventual noncompliance of the requirements and conditions established by such environmental bodies during the process of obtaining the environmental licenses may delay or even prevent, as the case may be, the installation and the operations of our facilities.

Use of Water Resources

Federal Law 9,433/1997 sets forth Brazil's National Policy on Water Resources (*Política Nacional de Recursos Hídricos*). Water use rights under the Brazilian government's jurisdiction are granted by the National Water Agency (*Agência Nacional de Águas*). Nevertheless, each state is entitled to grant water use rights with respect to watercourses in their own jurisdiction, as well as groundwater use rights. Each state may have specific administrative penalties to abstraction of water or groundwater without the required grand. For example, in the state of São Paulo, the abstraction of water or groundwater without the required grants may subject the offender to fines of up to R$23,550.00 and suspension of illegal abstraction, which could have an adverse impact over the Business' operations.

Solid Waste Management

The handling, storage and disposal of waste generated by our activities in violation of applicable regulation and standards may result in civil, administrative and criminal repercussions. In the civil sphere, companies are liable for any and all waste generated from their activities, which must be properly stored, treated, transported and disposed of. Hiring third parties to perform the waste management function does not exempt the generator from civil environmental liability. In the administrative arena, as per Article 62, item "V" of Federal Decree 6,514/2008, anyone who discharges solid waste in breach of applicable regulations may be subject to fines and other administrative sanctions, such as written warnings, suspension of activities, interdiction and cancellation of licenses. Given the concurrent jurisdiction shared by federal, state and local authorities over environmental policymaking, each state and municipality may also establish their own penalties applicable to violations to waste policies. As to criminal repercussions, Article 54, "item V" of Federal Law 9,605/1998 sets forth that anyone who causes pollution of any kind can be punished with one to six years' imprisonment. Criminal liability requires fault, negligence or willful misconduct, which must be proven in a judicial lawsuit.

Protection of Vegetation

Under Brazilian legislation, the use of environmental resources in certain areas is limited, and must be authorized in advance. The most important of these areas are (i) permanent preservation areas (*Áreas de Preservação Permanente*) or APP; (ii) conservation units (*Unidades de Conservação*); and (iii) the legal reserve. APPs are protected areas, which may or may not be covered by native vegetation, that have the environmental function of preserving water resources, the landscape, geological stability and biodiversity, facilitating the gene flow of flora and fauna, protecting the soil and ensuring the well-being of human populations. Destruction or damage to forests and other natural vegetation in APPs, or violation of rules and regulations for protection of APPs, as well as intervention without the authorization of the appropriate government agency, or contrary to the authorization granted, subjects the offender to fines of up to R$50,000.00 per hectare (or a fraction thereof). Federal Law 9,985/2000 defines a conservation unit as a territorial space and its environmental resources, including jurisdictional waters, that has significant natural features, legally established by the government, with defined borders and conservation objectives and subject to a special management regime which includes adequate guarantees of protection.

Conservation units are thus areas given special protection under federal, state, and/or municipal legislation. The objectives of conservation units vary, and the restrictions on their use depend on the classification of the unit. The licensing of projects with relevant environmental impacts located in a conservation unit or within its buffer zone will depend on prior authorization from the conservation unit's managing office. Damage to conservation units, and any activity or conduct contrary to its management plan and regulations is subject to fines. Those who cause direct or indirect damage to conservation units are also subject to criminal penalties of one to five years' imprisonment.

The legal reserve is a percentage of each rural property, which varies from 20% to 80% according to the region, in which native vegetation must be preserved. The location of the legal reserve must be approved by the state environmental agency, but this power may be delegated to municipal environmental authorities or other authorized institutions. The legal reserve must be registered with the Rural Land Environmental Register (*Cadastro Ambiental Rural* or CAR). When registered in the CAR, the legal reserve does not need to be registered on the title of the Real Property Registry.

Cultural and Historical Heritage

According to article 23 of Federal Constitution, Union, States, Federal District and Municipalities shall protect documents, constructions and other properties with historical, artistic and cultural values, as well as, monuments, outstanding natural landscapes and archeological sites. One of the forms of protections of such properties is established by Decree Law 25/1937, which sets forth rules on listing of properties that composes national historical and artistic patrimony. On the federal field, the National Historic and Artistic Heritage Institute (*Instituto do Patrimônio Histórico e Artístico Nacional)*, or IPHAN, is entitled to protect such properties. Thus, States and Municipalities will have similar attribution on their respective jurisdictions. Article 17 of Decree Law 25/1937 establishes that listing properties cannot be destructed, demolished or mutilated without a previous special authorization. In the same manner, according to article 18 of referred Decree, is also necessary previous authorization of competent authority on interventions on neighborhood of the listing properties which impedes or reduces visibility. IPHAN Ordinance 420/2010 sets forth proceedings for the concession of authorizations on interventions or listing properties and on its surroundings areas.

IPHAN and other competent authorities shall protect and guard archeological and pre-historical monuments of any nature existing on national territory and all its elements. Also, researches and archeological excavations on archeological sites are subject to previous authorization, as stated by IPHAN Ordinance 203/2002. Intervention without previous authorization issued by IPHAN and other competent authorities, when necessary, might subject offender to administrative sanctions to fines of up to R$200,000.00, as well as, suspension of its activities and embargo. Execution of constructions in non-compliance with the project approved by IPHAN might subject offender to immediate embargo of activities and payment of fines up to 50% of the value of damage and its compensation.

In addition, modification of buildings or locals specially protected due to its landscape, historical, cultural and archeological value constitutes a crime with penalties of reclusion from one to three years and payment of fine. Construction on a site due to its landscape, historical, cultural and archeological value constitutes a crime with detention from six months to one year and payment of fine.

Contaminated Areas

In Brazil, CONAMA Resolution 420/2009 constitutes the main instrument to regulate the management of contaminated areas, containing obligations which have to be followed by the one who assumes the remediation process. Tenants, assignees or landholders can be liable for remediation of contaminated areas, even if they have not caused the contamination. In this case, the main argument used by the public authority to claim for such measures is that the mere existence of parameters which may put in risk the environment and/or public health obliges the legal responsible for the property to adopt measures to restrain such risks, in addition to the fact that there is a strict civil liability regime. Thus, environmental liability runs with the land itself, and consequently anyone who acquires a property that has suffered environmental damage may succeed in the former owner's liability, although the new owner has a right of recourse against the former owner. Our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances could adversely affect our business or financial performance.

Environmental Liabilities

Compliance with the environmental law related to the industry in which the Company acts is regulated by certain governmental bodies and agencies that may impose administrative and criminal penalties in connection with potential noncompliance with the environmental laws, regardless of the obligation to repair any damage caused to the environment and third parties.

Federal Law No. 6,938/81 establishes strict liability for the recovery of environmental damages or, if not possible, compensation or indemnity for such damages, with joint and several liability established among all those directly or indirectly contributing to environmental degradation, regardless of the degree of participation in the damage. Each of those involved may be held liable for the full amount of the damages.

At the administrative level, environmental liability may be assigned through administrative sanctions that may include, among others: (1) fines of up to R$50 million, tailored to the economic capacity and track record of the offender, in addition to the severity of the facts and past performance; (2) suspension or interdiction of the activities; and (3) withdrawal of tax incentives and benefits.

Criminal liability is personal, arising directly from the unlawful conduct of the agent, with the crimes necessarily being specifically addressed in the law. Brazilian law allows criminal liability to be assigned to individual persons as well as corporate entities. When liability is assigned to the latter, the individual persons taking the decision that resulted in the criminal conduct (such as directors, officers, administrators, board members, members of technical entities, auditors, managers, agents or representatives) may also be penalized to the extent of their culpability.

Property, Plant and Equipment

We do not use, possess or own any material property, plant or equipment. Our main asset is our concession agreement related to our concession area to distribute natural gas. Because we operate under a concession granted by the Government of the State of São Paulo, and at the end of the concession, all of the distribution network will revert back to the Government of the State of São Paulo, the construction of the infrastructure necessary for natural gas distribution is considered to be a service rendered to the Government of the State of São Paulo, and the related income is recognized in our income statement as construction revenue in the same amount as the cost of construction.

Intellectual Property

We have registered our "Comgás" and "Comgás Natural" brands with the Brazilian Industrial Property Institute (*Instituto Nacional da Propriedade Industrial*), which are valid until December 28, 2022 and February 6, 2018, respectively. Also, we have registered the website domain "comgas.com.br" with Registro.BR, which is valid until July 14, 2021.

Material Agreements

Concession Agreement with the Government of the State of São Paulo

The distribution of natural gas falls within the jurisdiction of the Brazilian states and, therefore, each state may enact its own set of rules applicable to the distribution of natural gas and may sign its own concession agreement related to local piped natural gas services. Each state (or its regulatory agency) may enact its own set of rules applicable to local natural gas distribution, regulating the specific terms and conditions of the concession agreements to be executed with private companies.

Our concession agreement for public piped gas distribution services was entered into on May 31, 1999 with the granting authority, the Government of the State of São Paulo, which was represented by ARSESP. The concession agreement regulates our activities and services and is valid for a 30-year term, which may be further extended for an additional 20 years if we submit a request to that effect, and the Government of the State of São Paulo determines to grant such request at its discretion, subject to certain conditions. ARSESP is responsible for the enforcement of the agreement and for regulating, controlling and overseeing the operations of energy operators in the state of São Paulo. Pursuant to the terms of this concession agreement, we have the right to charge customers for the supply of natural gas during the effective period of the concession agreement. We recognize our rights under this agreement as an intangible asset on our balance sheet. The remuneration for the services we provide is based on margins applied to the volume of natural gas pursuant to our service price chart and tariff adjustments with regards to the adjustment of margins which require a formal request for approval by ARSESP.

The concession agreement sets forth our obligations, rules for tariff review, and the quality and safety indicators with which we must comply with. It also establishes the guidelines by which ARSESP can readjust the rates defined therein (generally on an annual basis in May of each year) and such adjustment shall be made based on our costs for natural gas purchases and the effects of inflation.

Upon termination of the concession agreement, the Government of the State of São Paulo will hold a significant portion of the infrastructure we currently use to conduct our operations. Accordingly, the construction of the infrastructure necessary for the distribution of natural gas is considered to be a service rendered to the Government of the State of São Paulo, and in order to compensate us for these services, we recognize construction revenue equivalent to the cost of construction in our income statement. The financing costs directly related to the construction are similarly recognized in our income statement.

We do not recognize a profit for the infrastructure construction, since the revenue recognized is equivalent to the cost of construction.

The amortization of intangible assets reflects the expected use of the asset and the future economic benefits to us, which correspond to the useful lives of the assets comprising the infrastructure assets. The amortization of the intangible assets is discontinued when the related asset is fully used or written off, and no longer is included in the calculation basis of the rates for providing the concession services, whichever occurs first.

When the concession is terminated, the assets related to natural gas distribution services will be reverted to the Government of the State of São Paulo and we will be entitled to receive an indemnity to be determined based on assessments and evaluations considering the book values to be calculated at the time, according to IFRS.

Gas Supply Agreements with Petrobras

Comgás has executed the following supply agreements pursuant to which Petrobras supplies us with natural gas which we distribute to consumers throughout the State of São Paulo.

- Firm supply agreement entered into with Petrobras for the daily contracted amount of 8.1 million cubic meters of natural gas imported from Bolivia. This agreement expires in July 2019;

- Firm supply agreement entered into with Petrobras for the daily contracted amount of 5.22 million cubic meters of natural gas. This agreement expires in December 2019; and

Petrobras also supplies us with natural gas pursuant to Gas Sale Agreements with back-to-back provisions as to obligations and liabilities among the parties for the sale and purchase transactions under the priority thermal-electric program (*Programa Prioritário de Termeletricidade*), or PPT.

These transactions cause us to deliver 3.06 million m^3/day of natural gas, of which 2.76 million m^3/day are under an agreement with UTE-Fernando Gasparian that expires in June 2016 and 0.3 million m^3/day are under an agreement with Corn Products that expires in March 2023.

If any of these supply agreements with Petrobras are terminated, we may not be able to acquire natural gas to distribute to our consumers. However, under such hypothetical scenario, Petrobras would be prevented to direct sell such natural gas to our consumers, since the sale of natural gas must pass through a state distribution company due to the constitutional monopoly granted to the Brazilian states, as described above, for the marketing and distribution of piped natural gas. In view of this, concession agreements provide for exclusivity in relation to clauses for distributors over such local natural gas distribution services.

Agreements for the transportation and distribution of natural gas have specific provisions such as a take or pay requirement if our supply needs are below those agreed to in the agreement.

Natural gas supply prices under these agreements have two components: one indexed to a basket of combustible oil in the international market, which is adjusted quarterly and one that is adjusted annually based on inflation in the U.S. The cost of natural gas is calculated based on R$/m³, and Bolivian natural gas is calculated as U.S.$/MMBTU, adjusted monthly for exchange rate variations.

Capital Expenditures

We have been investing in our network expansion and in the fiscal year ended December 31 2015, we invested R$521.0 million, of which 73% was associated with expansion programs and 27% was related to network support investments in order to reinforce, restore and renovate the existing distribution network. In the three-month period ended March 31, 2016, invested R$94.1 million, of which 75% was directed toward programs to expand the distribution network. In 2016, we expect to invest approximately R$500 million. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations of Comgás—Liquidity and Capital Resources—Capital Expenditures."

Employees

The table below sets forth the number of employees by segment as of the dates indicated:

	As of March 31,		As of December 31,		
	2016	**2015**	**2015**	**2014**	**2013**
Administrative	576	666	594	683	695
Operational	403	382	385	384	372
Total employees	979	1,048	979	1,067	1,067

Union Relations

The majority of our employees are union members. We believe we maintain a good relationship with the unions which represent our employees. Our employees are members of the Engineers' Union of the State of São Paulo (*Sindicato dos Engenheiros no Estado de São Paulo*) and the Union of Workers in the Production, Transportation, Installation, Distribution, Storage, Sale and Construction of the Piped and Compressed Natural Gas and Biogas Distribution Networks (*Sindicato dos Trabalhadores na Indústria da Produção, Transporte, Instalação, Distribuição, Armazenamento, Comercialização, Construção de Redes Gás Natural Canalizado, Comprimido e do Biogás do Estado de São Paulo*).

Legal and Administrative Proceedings

We are party to numerous legal proceedings as further described below and in note 15 of Comgás's unaudited interim financial statements as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015, included elsewhere in this offering memorandum, for further information.

Probable losses

In the ordinary course of our business, we are party to a number of legal proceedings for which we deem the risk of loss as probable, and in respect of which we have recorded provisions in an aggregate amount of R$74.8 million as of December 31, 2015 and R$77.1 million as of March 31, 2016. Provisions relating to probable losses are categorized into tax, civil and labor, as described below.

Tax. We recorded provisions of R$14.8 million for tax proceedings involving probable losses as of March 31, 2016. For more information on other tax proceedings for which our risk of loss has been deemed probable, see note 15 of Comgás's unaudited interim financial statements as of March 31, 2016.

Civil claims. We are party to a number of civil claims related to (i) indemnity for physical and moral damages; and (ii) environmental matters. Provisions for civil claims as of December 31, 2015 and March 31, 2016 amounted to R$42.0 million and R$43.9 million, respectively. The civil claims in which we are defendants relate to: (i) customer rights, including claims concerning the failure to supply gas, undue gas supply collections and/or cuts or registration of customers with credit protection entities, among others; and (ii) claims for damages from accidents in the supply network and damages in general caused by our activities. We are also a plaintiff in a civil litigation claim against Petrobras, described in more detail below under "—Judicial Deposits."

Labor claims. We are also party to a number of labor claims filed by former employees and service providers, among other matters, employment related accidents, salary parity, payment of overtime and on-call hours, night shift premiums and risk premiums, recognition of employment relationships, rehirings, occupational hazards and illness, indemnification for moral damages, severance pay and reimbursement of discounts from payroll, such as social contribution and trade union charges. As of December 31, 2015 and March 31, 2016, provisions for probable labor lawsuits amounted to R$18.3 million and R$18.4 million, respectively. Additionally, we are involved in several labor administrative and judicial proceedings such as labor investigations and class actions filed by the labor prosecutor's office regarding alleged non-compliance with certain labor regulations, including work and safety rules, labor conditions and work environment, and social assistance plans.

Possible losses

In addition, there are currently certain legal proceedings pending in which we are involved for which we have not recorded provisions, as we deem the likelihood of loss not as probable, but as possible or remote. If an adverse decision is rendered against us in any of these legal proceedings, our results of operations or financial condition could be materially and adversely affected. The aggregate amount involved in proceedings relating to possible losses as of March 31, 2016 amounted to R$984.8 million of which R$899 million, R$72.3 million and R$13.5 million were related to tax, civil and labor claims respectively. For more information see note 15 of Comgás's unaudited interim financial statements as of March 31, 2016.

- *Goodwill - Comgás.* The Brazilian federal tax authorities issued two tax assessments against Comgás for the collection of corporate income taxes 2013 and 2014 due to the write off of (i) goodwill expense accrued on the acquisition of Comgás's shares by the Cosan group and (ii) interest on net equity expenses. According to Comgás, the updated amount under dispute is of R$811.4 million, including interest and a 150% fine, of which R$601.3 million is classified as a possible risk of loss and R$210.1 million is classified as a remote risk of loss. Currently, Comgás is awaiting a decision on the defense filed against the tax assessments.

- *Withholding Income Tax levied on the capital gain.* The Brazilian federal tax authorities issued a tax assessment against Comgás as the responsible party for the collection of withholding income tax levied on the capital gain accrued by Integral Investments B.V., a company incorporated under the laws of Netherlands, on the sale of Comgás's shares to the Cosan group. According to the tax authorities, the cost of the sold shares considered for the calculation of the capital gain (i.e., the amount registered with the Brazilian Central Bank) was higher than the real cost of the investment, which lead to a lack of collection of withholding income tax. According to Comgás, the amount in dispute is R$285.8 million, including interest and a 75% fine. Currently, Comgás is awaiting a decision on the defense filed against the tax assessment by the First Level Administrative Court. The risk of loss is classified as possible.

Judicial Deposits

In accordance with court orders concerning certain tax, civil and labor lawsuits, we had bank judicial deposits in an aggregate amount of R$44.2 million as of March 31, 2016.

On February 25, 2014, the Company obtained an injunction in an action filed against Petrobras, which guaranteed the Company's right to provide monthly collateral deposits of the amount in dispute, such amount corresponding to the price difference between (i) the price in a gas supply agreement signed between Petrobras and Comgás and (ii) the price in a take-or-pay supply agreement signed between Petrobras and Gas Brasiliano Distribuidora SA, considering the equal treatment condition assumed with the Petrobras Group by ARSESP. Between January, 2014 and September, 2014, deposits were made through judicial deposits, but after an injunction granted by the Supreme Court on November 6, 2014, the collateral deposits made between October, 2014 and September, 2015 were replaced by a bank guarantee. In October 2015, considering that there was no longer difference between the price in both agreements and that the discount policy period was over, it was no longer necessary to supplement the bank guarantee. The amount guaranteed by a judicial deposit is R$294,976.00 and the amount guaranteed by a bank guarantee is R$577,420.00. The action is currently pending the production of accounting expert evidence.

Supplemental Information About the Joint Venture

Upon the application of IFRS 11, we retrospectively changed the accounting for its investments in Raízen Combustíveis and Raízen Energia, classifying them as jointly controlled entities (Joint Ventures) under the new standard. As such, for the year ended December 31, 2013, we accounted for these joint ventures under the equity method as opposed to the proportional consolidation method applied until March 31, 2013, and the accounting for the joint ventures for the fiscal year ended March 31, 2013 has been restated for the impacts of retrospectively adopting IFRS 11. Although, Raízen Combustíveis and Raízen Energia are not consolidated in our financial statements, we have included below a summary of business performance derived from the segment information note to our audited financial statements for the periods indicated.

Three-month period ended March 31, 2016 compared to the three-month period ended March 31, 2015

We report net sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI (a federal value-added tax assessed on our gross sales in the Brazilian market at rates that vary by product) and INSS (federal social contribution taxes assessed on our gross sales in the Brazilian market of our agribusiness entities at a rate of 11%). Deductions from gross sales in the Brazilian domestic market, which are subject to these taxes, are significantly lower than our deductions from gross sales in export markets.

The table below presents a breakdown of Raízen Combustíveis and Raízen Energia's net sales for the three-month periods ended March 31, 2016 and 2015:

	For the Three-Month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	**3,866.3**	**3,080.0**	**25.5**
Sugar	1,846.3	1,408.3	31.1
Ethanol	1,936.9	1,626.5	19.1
Cogeneration	43.9	12.7	245.7
Other	39.2	32.5	20.6
Raízen Combustíveis (1)	16,391.8	14,061.5	16.6
Fuel	16,391.8	14,061.5	16.6
Other	—	—	—

(1) Includes 100% of these entities' net sales. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the unaudited interim financial statements of Cosan as of and for the three month period ended March 31, 2016 and 2015.

Raízen Combustíveis' sales increased by 16.6% in the three-month period ended March 31, 2016 to R$16,391.8 million, from R$14,061.5 million in the three-month period ended March 31, 2015, mainly due to a 2.3% increase in the sales volume of gasoline equivalents reflecting the recovery in gasoline sales, which increased by 6.6%, as compared to an increase in ethanol sales volume of 13.8%, although ethanol prices surpassed parity with gasoline prices during the period. Business-to-business diesel sales also increased by 3.5%, due to the early start of the sugarcane harvest season and new contracts secured in the period.

Raízen Energia's sales increased by 25.5%, from R$3,080.0 million in the three-month period ended March 31, 2015 to R$3,866.3 million in the three-month period ended March 31, 2016, due in part to higher prices for sugar and ethanol in the period.

Cost of sales

	For the Three-Month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Raízen Energia(1)	(2,667.1)	(2,620.8)	1.8
Raízen Combustíveis(1)	(15,600.6)	(13,260.1)	17.7

(1) Includes 100% of these entities' net sales. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the unaudited interim financial statements of Cosan as of and for the three month period ended March 31, 2015 and 2014.

The costs of Raízen Combustíveis sales increased by 17.7%, from R$13,260.1 million in the three-month period ended March 31, 2015 to R$15,600.6 million in the three-month period ended March 31, 2016, reflecting the higher costs of products and growth in sales volume. Logistics costs also increased in connection with Raízen Combustíveis' distribution strategy.

The cost of Raízen Energia sales increased by 1.8%, from R$2,620.8 million in the three-month period ended March 31, 2015 to R$2,667.1 million in the three-month period ended March 31, 2016, mainly because of (1) higher sales volumes; (2) a 16.6% increase in TSR in the period; (3) lower cane TSR, as well as the longer season for the 2015/16 harvest and the early start of the 2016/17 harvest season.

Selling expenses

	For the Three-Month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	(188.4)	(149.1)	26.4
Raízen Combustíveis (1)	(357.1)	(315.9)	13.0

(1) Includes 100% of these entities' selling expenses. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the unaudited interim financial statements of Cosan as of and for the three month period ended March 31, 2016 and 2015.

Raízen Energia's selling expenses increased to R$188.4 million, or 26.4%, in the three-month period ended March 31, 2016 as compared to R$149.1 million in the three-month period ended March 31, 2015, due primarily to higher freight expenses due to sales volume growth and an increase in the freight prices.

Raízen Combustíveis' selling expenses increased by 13.0% from R$315.9 million in the three-month period ended March 31, 2015 to R$357.1 million in the three-month period ended March 31, 2016, due primarily to sales volume growth and the concentration of marketing expenses in the quarter.

General and administrative expenses

	For the Three-Month Period Ended March 31,		
	2016	2015	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	(163.3)	(140.7)	16.1%
Raízen Combustíveis (1)	(101.2)	(100.3)	0.9%

(1) Includes 100% of these entities' general and administrative expenses. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the unaudited interim financial statements of Cosan as of and for the three month period ended March 31, 2016 and 2015.

General and administrative expenses for Raízen Energia totaled R$163.3 million in the three-month period ended March 31, 2016, an increase of 16.1% compared to R$140.7 million in the three-month period ended March 31, 2015, due primarily to an internal restructuring.

General and administrative expenses for Raízen Combustíveis remained stable at R$101.2 million in the three-month period ended March 31, 2016, an increase of 0.9% compared to R$100.3 million in the three-month period ended March 31, 2015. This was due to ongoing cost-cutting efforts.

Fiscal year ended December 31, 2015 compared to fiscal year ended December 31, 2014

Net sales

The table below presents a breakdown of Raízen Combustíveis and Raízen Energia's net sales for the fiscal years ended December 31, 2015 and 2014:

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	**11,080.1**	**9,263.9**	**19.6**
Sugar	4,671.0	4,059.6	15.1
Ethanol	5,557.3	4,376.8	27.0
Cogeneration	554.9	618.6	(10.3)
Other	297.7	208.9	42.5
Raízen Combustíveis (1)	**61,412.9**	**55,733.9**	**10.2**
Fuel	61,412.9	55,733.9	10.2

(1) Includes 100% of these entities' net sales. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of Cosan as of and for the fiscal years ended December 31, 2015 and 2014.

Raízen Combustíveis' sales increased by 10.2% in the fiscal year ended December 31, 2015 to R$61,412.9 million, from R$55,733.9 million in the fiscal year ended December 31, 2014, mainly due to an increase in sales volume of ethanol of 41.3% due primarily to higher competitiveness of ethanol as vehicle fuel in comparison to gasoline and diesel following government-permitted increases in gasoline prices in February 2015.

Raízen Energia. Raízen Energia's sales increased by 19.6%, from R$9,263.9 million in the fiscal year ended December 31, 2014 to R$11,080.1 million in the fiscal year ended December 31, 2015, due in part to higher sugar and ethanol prices in the period and increased volumes of sales in sugar and ethanol of 2.4% and 16.4%, respectively.

Cost of sales

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Raízen Energia(1)	(8,904.5)	(7,735.4)	15.1
Raízen Combustíveis(1)	(58,196.3)	(52,934.2)	9.9

(1) Includes 100% of these entities' cost of sales. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the audited financial statements of Cosan as of and for the fiscal years ended December 31, 2015 and 2014.

The cost of Raízen Combustíveis' sales increased by 9.9%, from R$52,934.2 million in the fiscal year ended December 31, 2014 to R$58,196.3 million in the fiscal year ended December 31, 2015, mainly due to increased sales volumes and higher gasoline and diesel prices.

The cost of Raízen Energia's sales increased by 15.1%, from R$7,735.4 million in the fiscal year ended December 31, 2014 to R$8,904.5 million in the fiscal year ended December 31, 2015, mainly because of the increase in sales volumes of sugar and ethanol.

Selling expenses

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	(619.9)	(579.0)	6.6
Raízen Combustíveis (1)	(1,188.5)	(1,150.5)	3.3

(1) Includes 100% of these entities' selling expenses. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the audited financial statements of Cosan as of and for the fiscal years ended December 31, 2015 and 2014.

Raízen Energia's selling expenses increased to R$619.9 million, or 6.6%, in the fiscal year ended December 31, 2015 as compared to R$579.0 million in the fiscal year ended December 31, 2014, due primarily to higher freight expenses, given the higher volume of sales, especially of ethanol to export markets.

Raízen Combustíveis' selling expenses increased by 3.3% from R$1,150.5 million in the fiscal year ended December 31, 2014 to R$1,188.5 million in the fiscal year ended December 31, 2015, due primarily to a higher sales volume.

General and administrative expenses

	For the Fiscal Year Ended December 31,		
	2015	2014	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	(518.8)	(498.8)	4.0
Raízen Combustíveis (1)	(394.6)	(387.3)	1.9

(1) Includes 100% of these entities' general and administrative expenses. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the audited financial statements of Cosan as of and for the fiscal years ended December 31, 2015 and 2014.

General and administrative expenses for Raízen Energia totaled R$518.8 million in the fiscal year ended December 31, 2015, an increase of 4.0% compared to R$498.8 million in the fiscal year ended December 31, 2014, consistent with the increase in sales volume.

General and administrative expenses for Raízen Combustíveis remained stable at R$394.6 million in the fiscal year ended December 31, 2015, an increase of 1.9% compared to R$387.3 million in the fiscal year ended December 31, 2014. This was due to ongoing cost-cutting efforts.

Fiscal Year Ended December 31, 2014 Compared to the Unaudited Twelve-Month Period Ended December 31, 2013

Net sales

The table below presents a breakdown of Raízen Combustíveis and Raízen Energia's net sales for the fiscal year ended December 31, 2014 and the unaudited twelve-month period ended December 31, 2013:

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	**9,263.9**	**9,200.8**	**0.7**
Sugar	4,059.6	4,304.3	(5.7)
Ethanol	4,376.8	4,266.6	2.6
Cogeneration	618.6	389.7	58.7
Other	208.9	240.2	(13.0)
Raízen Combustíveis (1)	**55,733.9**	**48,527.7**	**14.8**
Fuel	55,733.9	48,527.7	14.8

(1) Includes 100% of these entities' net sales. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the audited financial statements of Cosan as of and for the fiscal year ended December 31, 2014 and the unaudited combined condensed income statement of Cosan as of and for the twelve-month period ended December 31, 2013.

Raízen Energia's sales in the fiscal year ended December 31, 2014 increased 0.7%, to R$9,263.9 million, from R$9,200.8 million in the unaudited twelve-month period ended December 31, 2013, primarily due to a $228.9 million, or 58.7% increase in energy cogeneration sales, which was primarily due to a 3% increase in the average sales price of ethanol. The increase was offset by a R$244.7 million, or 5.7%, decrease in revenue from sales of sugar due to a decrease in the average sales price of sugar and a decrease in volume of sugar sold in the period.

Raízen Combustíveis' sales in the fiscal year ended December 31, 2014 increased from R$48,527.7 million to R$55,733.9 million, or 14.8%, as compared to the unaudited twelve-month period ended December 31, 2013, primarily due to a 8.1% increase in the total volume of fuel sold, including diesel, gasoline and ethanol, which increased 8.1%, 10.5% and 11.1%, respectively, combined with a 6.0% increase in the average sales price of fuel from R$1,840/m3 in 2013 to R$1,950/m3 in 2014, primarily due to increases in diesel and gasoline fuel prices charged by Petrobras as permitted by the Brazilian government.

Cost of sales

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Raízen Energia(1)	(7,735.4)	(7,681.0)	0.7
Raízen Combustíveis(1)	(52,934.2)	(46,016.2)	15.0

(1) Includes 100% of these entities' cost of sales. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the audited financial statements of Cosan as of and for the fiscal year ended December 31, 2014 and the unaudited combined condensed income statement of Cosan as of and for the twelve-month period ended December 31, 2013.

The cost of Raízen Energia's sales in the fiscal year ended December 31, 2014 increased 0.7%, to R$7,735.4 million, as compared to R$7,681.0 million in the unaudited twelve-month period ended December 31, 2013, due mainly to an increase in the price for TSR partially offset by a decrease in sales volume by 1%.

The cost of Raízen Combustíveis' sales in the fiscal year ended December 31, 2014 increased 15.0%, to R$52,934.2 million, as compared to the unaudited twelve-month period ended December 31, 2013. This increase is due to increased sales volume of fuel, including ethanol, diesel and gasoline, and to higher prices charged by Petrobras for diesel and gasoline.

Selling expenses

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	(579.0)	(670.8)	(13.7)
Raízen Combustíveis (1)	(1,150.5)	(1,073.9)	7.1

(1) Includes 100% of these entities' selling expenses. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the audited financial statements of Cosan as of and for the fiscal year ended December 31, 2014 and the unaudited combined condensed income statement of Cosan as of and for the twelve-month period ended December 31, 2013.

Raízen Energia's selling expenses decreased to R$579 million, or 13.7%, in the fiscal year ended December 31, 2014 as compared to the unaudited twelve-month period ended December 31, 2013, due primarily to a decrease in freight costs due to the lower volume of sugar sold.

Raízen Combustíveis' selling expenses increased by 7.1% from R$1,073.9 million in the unaudited twelve-month period ended December 31, 2013 to R$1,150.5 million in the fiscal year ended December 31, 2014, due primarily to freight cost increases arising from the 8.1% increase in the volume of fuel sales.

General and administrative expenses

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation
	(in R$ millions, except percentages)		
Raízen Energia (1)	(498.8)	(546.9)	(8.8)
Raízen Combustíveis (1)	(387.3)	(378.5)	2.3

(1) Includes 100% of these entities' general and administrative expenses. As a result of the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income of the audited financial statements of Cosan as of and for the fiscal year ended December 31, 2014 and the unaudited combined condensed income statement of Cosan as of and for the twelve-month period ended December 31, 2013.

General and administrative expenses totaled R$498.8 million in the fiscal year ended December 31, 2014, a decrease of 8.8% compared to R$546.9 million in the unaudited twelve-month period ended December 31, 2013, due primarily to non-recurring events that occurred in the fiscal year ended December 31, 2013 related to provisions and adjustments for contingencies including contingent consideration due in relation to the acquisition of Esso Brasileira de Petróleo Ltda. in 2008, whereby Raízen Energia became liable in 2014 for the settlement of certain tax contingencies related to this acquisition.

General and administrative expenses totaled R$387.3 million in the fiscal year ended December 31, 2014, an increase of 2.3% compared to R$378.5 million in the unaudited twelve-month period ended December 31, 2013. This was due to an increase in the apportionment of overhead expenses as a result of the increased sales volumes in this segment.

Legal and Administrative Proceedings

Criminal Investigations Involving Raízen Combustíveis

Raízen Combustíveis is currently the subject of a criminal investigation, which commenced with an administrative proceeding before CADE in 2009 against certain resellers and distributors. The proceeding is related to the alleged artificial price fixing of fuel and the formation of a cartel among fuel distributors and resellers in the Brazilian Federal District in order to establish regional market control. In 2010 the Brazilian antitrust authority (CADE) issued an opinion that alleged the existence of cartels within the sector. In November 2015, the Brazilian federal police executed search and seizure warrants against certain resellers and fuel distributors, including Raízen Combustíveis at its distribution terminal in Brasilia. Raízen Combustíveis is cooperating with Brazilian authorities in connection with the investigation, which is currently ongoing. As of the date of this offering memorandum, no individual (including gas station owners) indicted in connection with the investigation has any relationship or affiliation with Raízen Combustíveis. In the event formal criminal proceedings are instituted Raízen Combustíveis or any of its employees determined to have been involved in the misconduct may be subject to penalties, including fines or imprisonment. In the opinion of counsel responsible for Raízen Combustíveis' defense, the likelihood that a decision favorable to Raízen Combustíveis is rendered in connection with this investigation is probable.

In addition, Raízen Combustíveis is currently the subject of a criminal investigation conducted by the office of the public prosecutor in Brasilia, commenced on March 28, 2014, resulting from an anonymous complaint alleging fraud committed during the public bidding process won by Raizen Combustíveis for an aircraft supply concession at the Salgado Filho Airport in the city of Porto Alegre. To date, Raízen Combustíveis has provided documentation and information in support of it defense to the public prosecutor, who is waiting for further clarification from the Brazilian air transportation authority, INFRAERO, in order to determine whether the investigation will be suspended or a formal accusation filed in order to initiate legal proceedings. In the event formal criminal and/or civil charges are filed, Raízen Combustíveis and individual penalties in relation to employees determined to have been involved in the misconduct may be subject to penalties, including a prohibition on entering into contracts with Brazilian governmental authorities or imprisonment. In the opinion of Raízen Combustíveis in-house counsel, the likelihood that an unfavorable decision is rendered against Raízen Combustíveis in connection with this investigation is remote.

Tax Proceedings

In the ordinary course of its business, Raízen Energia and its subsidiaries are party to a number of legal proceedings, among which:

- *Corporate Income Taxes – Raízen Energia.* The Brazilian federal tax authorities issued two tax assessments against Raízen Energia, seeking to collect corporate income taxes for the years 2006, 2007, 2008 and 2009 due to (i) write off of goodwill expenses; (ii) write off of tax losses' offset above 30% of the corporate income taxes' tax basis, as supposedly foreseen in law, and (iii) due to the taxation of revaluation reserve account. According to Raízen Energia, the updated amount under discussion is of R$542.7 million, including interest and a 150% fine, of which R$269.6 million is classified with possible risk of loss and R$273.1 million is classified as a remote risk of loss. Currently, Raízen Energia is awaiting notification of the partially favorable decision rendered by the Administrative Court of Tax Appeals.

- *Social Security Contributions.* In June 2010, Raízen Energia filed an ordinary action challenging the obligation to accrue the social security contributions' tax based on gross revenue. The amount under discussion, approximately R$221.2 million has been judicially deposited. Currently, the case records are in the Court of Appeals awaiting the judgment of the appeal filed by the Brazilian federal government against a favorable first level decision. The risk of loss is classified as probable.

- *Industrialized Products Tax.* The Brazilian federal government filed a tax enforcement action charging Industrialized Products Tax supposedly levied on the exit of sugar from Raízen Energia's establishments in 1996. According to Raízen Energia, the updated amount under discussion is of R$109.3 million. After Raízen Energia filed a motion to stay the tax enforcement action, the first level judge rendered a favorable decision and the Federal Union filed an appeal. The risk of loss is classified as possible.

- *PIS and COFINS credits.* The Brazilian federal tax authorities issued three tax assessment notices in September 2014, September 2013 and June 2015 against Raízen Energia related to the allegedly undue use of credits of PIS and COFINS. The discussion refers to the credits taken from the costs and expenses with goods and services deemed by the company as inputs for its activities. Two tax assessments are currently pending decision of second administrative trial court and one tax assessment is pending decision on the first administrative trial court. The amount involved on such proceedings equals R$331.9 million, classified as a possible risk of loss.

- *Industrialized Products Tax.* Raízen Energia filed an offset request in August 1998 to the Brazilian Revenue Service in order to offset debts, already included on an installment payment plan, with credits related to undue payments made by Raízen Energia in outputs of certain goods, as allowed by the Normative Instruction 67/98. The right to the credit was partially granted by the Second Administrative Trial Court. However, the calculation of the amount of credits is still pending in the First Administrative Trial Court. Raízen Energia accounted the amount of R$105.8 million. The risk of loss is classified as possible.

- *ICMS – Diesel Oil.* The tax authority of the state of São Paulo issued a tax assessment notice against Raízen Energia in order to charge ICMS. According to the tax authority, Raízen Energia did not reverse the credit appropriated on the acquisition of diesel oil as feedstock production, due to the output of oil diesel of the establishment in marketing operations. In addition, Raízen Energia allegedly failed to issue tax invoices and also issued tax invoices with mistaken ICMS amounts. The Second Instance Administrative Court granted a partially favorable decision to the company. Raízen Energia is awaiting a decision of the Special Appeals. The amount involved is of R$111.4 million. The risk of loss is classified as possible.

MANAGEMENT

Cosan

Our board of directors and our executive officers are responsible for the operation of our business.

Board of Directors

Our by-laws provide that our board of directors shall consist of between seven and twenty directors. Our board of directors currently consists of seven directors.

Our board of directors is the decision-making body responsible for, among other things, determining policies and guidelines for our business. The board of directors also supervises our executive officers and monitors their implementation of policies and guidelines established from time to time by our board of directors.

The members of our board of directors are elected for two-year terms at general meetings and are eligible for reelection. Members of our board of directors are subject to removal at any time with or without cause at a general meeting of shareholders. Our by-laws do not include any citizenship or residency requirements for members of our board of directors.

The following table lists the members of our board of directors, as elected on April 30, 2015:

Name	Position Date of Election	Position Held
Rubens Ometto Silveira Mello	April 30, 2015	Chairman of the Board
Marcos Marinho Lutz	April 30, 2015	Vice-Chairman
Marcelo Eduardo Martins	April 30, 2015	Director
Serge Varsano(1)	April 30, 2015	Director
Burkhard Otto Cordes	April 30, 2015	Director
Marcelo de Souza Scarcela Portela	April 30, 2015	Director
Dan Ioschpe(1)	April 30, 2015	Director

(1) Independent director.

The following is a summary of the business experience of our current directors. Unless otherwise indicated, the business address of our current directors is Av. Presidente Juscelino Kubitschek, 1327, 4th floor, São Paulo, SP, Brazil.

Rubens Ometto Silveira Mello. Mr. Mello is our and Comgás's chairman of the board of directors. He is also director and chairman of Cosan Limited and our and Comgás's controlling shareholder. He holds a degree in mechanical engineering from the Escola Politécnica of the University of São Paulo (1972). Mr. Mello has more than 30 years of experience in the management of large companies. He has also served as general director and chairman of the board of directors of Costa Pinto S.A. since 1980, vice president of Pedro Ometto S.A. Administração e Participações since 1980, director of Cosan Operadora Portuária S.A. since 1998, chairman of the board of directors of FBA from 2001 until its merger into Corona, and is currently the chairman of the boards of Cosan, Comgás, Cosan Limited and Raízen. He also holds the position of director of UNICA, the Sugarcane Agroindustry Association of the State of São Paulo (*UNICA—União da Agroindústria Canavieira do Estado de São Paulo*). Prior to joining Cosan, Mr. Mello worked from 1971 to 1973 as an advisor to the board of executive officers of UNIBANCO União de Bancos Brasileiros S.A., and from 1973 to 1980 as chief financial officer of Indústrias Votorantim S.A.

Marcos Marinho Lutz. Mr. Lutz is a member of our and Comgás's board of directors. He was our chief executive officer from November 2009 through April 2015. Mr. Lutz holds a naval engineering degree from Escola Politécnica of the University of São Paulo and a master's degree in business administration from Kellogg Graduate School of Management, Northwestern University. From 2002 to 2006, Mr. Lutz was the executive director of infrastructure and energy at CSN (SID) and a board member of MRS Logística, CFN Railways, and Itá Energética. Before that, Mr. Lutz was the chief operating officer at Ultracargo S.A., the logistics affiliate of the Ultra Group.

Marcelo Eduardo Martins. Mr. Martins has been a member of our board of directors since March 23, 2009 and is also a member of Comgás's board of directors. Mr. Martins also holds the position of chief financial and investor relations officer of Cosan Limited and serves on Cosan Limited's board of directors. His duties include identifying acquisition opportunities and implementing takeovers as well as business development activities for which the company may have strategic interest in the future. In July 2007, Mr. Martins was appointed as an executive officer of Aguassanta Participações S.A. Prior to joining the Cosan Group, Mr. Martins was the Chief Financial and Business Development Officer of Votorantim Cimentos between July 2003 and July 2007 and, prior to that, head of Latin American Fixed Income at Salomon Smith Barney (Citigroup) in New York. He has significant experience in capital markets, having worked at Citibank (where he began his career as a trainee in 1989), Unibanco, UBS and FleetBoston. He has a degree in business administration from the Getúlio Vargas Foundation, majoring in finance.

Serge Varsano. Mr. Varsano has been a member of our board of directors since 2007. He holds a degree from the Marshall School of Business of the University of Southern California (1975). Mr. Varsano began his career as a trader in the Sucres et Denrées group, one of the world's leading sugar traders, subsequently becoming its chief executive officer. He has been chief executive officer of the Sucres et Denrées group since 1988.

Burkhard Otto Cordes. Mr. Cordes has been a member of our board of directors since 2005 and of Cosan Limited's board of directors since 2008. He graduated in business administration from Fundação Armando Álvares Penteado (1997) and he holds a master's degree in finance from IBMEC-SP (2001). Mr. Cordes has worked in financial markets. He worked at Banco BBM S.A., a company owned by Grupo Mariani, where he worked at its commercial division focusing corporate and middle market segments. Before holding his current position, he had worked at IBM Brasil in its financial division. Mr. Cordes is Mr. Mello's son-in-law.

Marcelo de Souza Scarcela Portela. Mr. Portela is a member of our board of directors and legal vice president, and a member of the board of directors of Cosan Limited. He holds a law degree from Faculdade de Direito da Universidade de São Paulo (1983), and completed graduate studies in commercial law from Faculdade de Direito da Universidade de São Paulo (1988) and McGill University Law School (1990) in Montréal, QC, Canada.

Dan Ioschpe. Mr. Ioschpe graduated from the Federal University of Rio Grande do Sul, with a postgraduate degree from the ESPM - SP and a Masters' degree in business administration (MBA) from Amos Tuck School, Dartmouth College (United States). He joined Iochpe-Maxion in 1986, where he held several positions until June 1996, when he left to take the presidency of AGCO do Brazil. He returned to Iochpe-Maxion in January 1998, assuming the presidency in the same year, remaining until March 2014, when he took over as the chairman of the board of directors.

Executive Officers

Our executive officers serve as our executive management body. They are responsible for our internal organization and day-to-day operations and for the implementation of the general policies and guidelines established from time to time by our board of directors.

Our by-laws require that its board of executive officers consist of a minimum of three and a maximum of eight officers, each responsible for a specific area of the business.

The following table lists our current executive officers:

Name	Position Date of Election	Position Held
Mario Augusto Silva.....	April 19, 2016	Chief Executive Officer
Ricardo Dell Aquila Mussa	April 1, 2015	Cosan Lubrificantes Executive Officer
Marcelo de Souza Scarcela Portela.....	April 1, 2015	Legal Officer
Paula Kovarsky Rotta	April 19, 2016	Investor Relations Officer

The terms of the officers expire in April 2017.

The following is a summary of the business experience of our executive officers who are not Cosan directors. Unless otherwise indicated, the business address of the executive officers is Av. Presidente Juscelino Kubitschek, 1327, 4th floor, São Paulo, SP, Brazil.

Mario Augusto da Silva. Mr. da Silva is Cosan's chief executive officer. Mr. da Silva has approximately 20 years of professional experience, having worked at companies such as PricewaterhouseCoopers, Booz Allen Hamilton and various Odebrecht companies. Prior to joining Cosan, he served for three years as chief financial and investor relations officer of Braskem S.A. He holds a bachelor's degree in business administration from Universidade de Salvador, and an MBA from Harvard Business School.

Ricardo Dell Aquila Mussa. Mr. Mussa is chief executive officer of Cosan Lubrificantes. He has a degree in production engineering from Escola Politécnica da Universidade de São Paulo (USP). Mr. Mussa held various positions within the supply chain of multinational companies such as Unilever and Danone, especially in the agricultural commodities procurement area. He was the country logistics manager for Danone in 2007 and manufacturing manager at Unilever's main cosmetic factory in Latin America between 2006 and 2007. While at Unilever, he also held the role of director of global purchases of grease and oils and was responsible for the purchase of agricultural commodities in over 25 countries. In 2002, Mr. Mussa moved worked to Unilever USA, in Connecticut, where he worked in the strategic purchasing department, being responsible for the purchase of chemicals for Latin America, and held positions in the planning area. He joined Cosan in 2007 and was one of the founders of Radar, our subsidiary dedicated to investment in and management of agricultural land with high appreciation potential; he also held the position of chief executive of Radar for 5 years. In 2014. Mr. Mussa took over the Cosan Lubrificantes business.

Marcelo de Souza Scarcela Portela. See "—Board of Directors."

Paula Kovarsky Rotta. Mrs. Kovarsky is the investor relations officer of each of Cosan Limited and Cosan She has a bachelor's degree in engineering from the Pontifícia Universidade Católica do Rio de Janeiro and a masters of business administration with a specialization in finance from Ibmec. She has approximately 19 years of professional experience, having previously worked for Shell and Itaú BBA.

Compensation

Under our by-laws, our board of directors is responsible for establishing the annual aggregate compensation that we pay to the members of our board of directors and our executive officers.

The aggregate amount of compensation paid to all members of the board of directors and its executive officers in the fiscal year ended December 31, 2015 was R$55.4 million and in the fiscal year ended December 31, 2014 was R$61.4 million.

Our executive officers receive the same benefits generally provided to our employees. Members of our board of directors are not entitled to these benefits.

We currently have no employment agreements with our directors and executive officers providing for benefits upon the termination of employment. Our directors and executive officers who serve for both us and Cosan Limited will receive compensation from both companies.

Equity Based Compensation Plans

In addition to the compensation disclosed above, certain executive officers, managers and eligible employees may receive equity-based compensation pursuant to our stock option plan.

Comgás

Board of Directors

The by-laws of Comgás provide that its board of directors will consist of seven to thirteen members. The board of directors is the decision-making body responsible for, among other things, determining policies and guidelines for Comgás's business. Comgás's board of directors also supervises its board of executive officers and monitors their implementation of policies and guidelines established from time to time by the board of directors. Under the Brazilian Corporation Law, the board of directors is also responsible for hiring independent auditors. Pursuant to Comgás's by-laws, its board of directors meets ordinarily four times per year and, extraordinarily, whenever necessary.

The members of Comgás's board of directors are elected at the general shareholders meetings for two-year terms and are eligible for re-election. Currently, the board of directors of Comgás is composed of nine members, including one director elected by the employees, and one independent director appointed by minority shareholders that are holders of preferred shares, elected at the general shareholders' meeting held on April 26, 2016 who will hold office until the general shareholders' meeting to be held in 2018, which shall vote to reelect or replace Comgás's board of directors. Members of Comgás's board of directors are subject to removal at any time with or without cause at a general shareholders meeting. Comgás's by-laws do not include any citizenship or residency requirements for members of its board of directors.

The following table lists the members of Comgás's board of directors:

Name	Date of Election	Position Held
Rubens Ometto Silveira Mello	April 26, 2016	Chairman
Marcos Marinho Lutz	April 26, 2016	Vice Chairman
Marcelo Eduardo Martins	April 26, 2016	Director
Luis Henrique Cals de Beauclair Guimarães	April 26, 2016	Director
Paulo Henrique Thomaz	April 26, 2016	Director
Jairton Fontes Santos	April 26, 2016	Director
Pedro Luiz Cerize	April 26, 2016	Director
Robert Michel Moolenaar	April 26, 2016	Director
Nelson Roseira Gomes Neto	April 26, 2016	Director

The following is a summary of the business experience of Comgás's current directors. Unless otherwise indicated, the business address of Comgás's current directors is Av. Presidente Juscelino Kubitschek, 1327, 4th floor, São Paulo, SP, Brazil.

Rubens Ometto Silveira Mello. See "—Cosan—Board of Directors."

Marcos Marinho Lutz. See "—Cosan—Board of Directors."

Marcelo Eduardo Martins. See "—Cosan—Board of Directors."

Luis Henrique Cals de Beauclair Guimarães. Mr. Guimarães is a member of Comgás's board of directors and has been Comgás's chief executive officer since April 2013. He holds a statistics degree and an MBA in marketing. Over the past five years, he has worked as a marketing officer at Shell focusing on their Americas Lubricants business between 2008 and 2011. Between 2011 and 2012, he was also executive vice-president of Raízen Combustíveis.

Paulo Henrique Thomaz. Mr. Thomaz is a member of Comgás's board of directors. He holds a production engineering degree from the Federal University of Rio de Janeiro. He has been a senior trader at Dated Brent, a chemical foodstock trader. He later became general manager in charge of trading at Shell International Trading. In addition, he has also been general supply manager of Shell Brasil.

Jairton Fontes Santos. Mr. Santos is a member of Comgás's board of directors. He holds a degree in petrochemical process from SENAI and is currently completing graduate work in oil and gas technical services. Mr. Santos has worked for Comgás in technical gauge maintenance since 2000.

Pedro Luiz Cerize. Mr. Cerize is a member of Comgás's board of directors. He graduated with honors in business management from Fundação Getúlio Vargas in São Paulo – FGV/SP, with an MBA in finance from IBMEC – Instituto Brasileiro de Mercado de Capitais. From 1991 through 2000, he worked at the following companies: Corretora Socopa, Banco Fator and Banco BBA Creditanstalt where he was responsible for equities management, where he managed over U.S.$100 million. In 2001, he founded Skopo Administradora and since 2007, has been the founding partner at Skopos Investimentos Ltda. Currently, he is also a member of the board of directors of Porto Seguro S.A., PDG and CONTAX.

Robert Michel Moolenaar. Mr. Moolenaar is currently a member of Comgás's board of directors. He is currently the Shell representative at Raízen Shell Brasil Petroleo Ltda. and previously held the positions of leader of the project management office and downstream functional cost leader. He has also worked as retail finance director for Shell Europe. Before holding that position, he was chief financial officer of Shell Brasil.

Nelson Roseira Gomes Neto. Mr. Gomes Neto received a bachelor's degree in engineering from Pontifical Catholic University (1992), a master's degree in corporate finance from PUC – IAG Master (1998) and a master's degree in business administration from COPPEAD (2001). He joined Exxon Mobil Corporation in 1991 as a trainee. Throughout the course of his career, he has served in positions of increasing managerial responsibility in several business lines such as Fuels Marketing, Convenience Retailing, Natural Gas, and since 2001 part of the Lubricants business. In February 2008 he was appointed Brazil Lubricants Officer to Esso Brasileira de Petroleo Limitada, in December 2008, Lubricants Vice President, and since 2011 he has been an executive vice president of Cosan.

Executive Officers

Comgás's executive officers serve as its executive management body. They are also its legal representatives and are responsible for its internal organization and day-to-day operations and for the implementation of the general policies and guidelines established from time to time by Comgás's board of directors.

Comgás's by-laws require that its executive officers consist of two to nine members.

Comgás's executive officers are elected by its board of directors for two-year terms, and are eligible for reelection. Its board of directors may remove any executive officer from office at any time with or without cause. In accordance with the Brazilian Corporation Law, executive officers must be residents of Brazil but need not be shareholders of the company. Comgás's executive officers hold meetings when called by any of its executive officers.

The following table lists Comgás's current executive officers, whose terms of office expire in May 2018:

Name	Date of Election	Position Held – Comgás
Nelson Roseira Gomes Neto	May 10, 2016	Chief Executive Officer and Investor Relations Officer
Jose Carlos Broisler Oliver	May 10, 2016	Operations Officer
Sergio Luiz da Silva	May 10, 2016	Planning, Marketing and Gas Supply Officer
Marcus Vinicius Vaz Bonini	May 10, 2016	Commercial, Expansion and Customer Relations Officer
Carlos Eduardo Freitas Bréscia	May 10, 2016	Institutional and Regulatory Officer

The following is a summary of the business experience of Comgás's executive officers who are not directors. Unless otherwise indicated, the business address of Comgás's current executive officers is Av. Presidente Juscelino Kubitschek, 1327, 14th floor, São Paulo, SP, Brazil.

Nelson Roseira Gomes Neto. See "—Comgás—Board of Directors."

Jose Carlos Broisler Oliver. Mr. Oliver is the operations officer of Comgás, a position he has held since 2005. Prior to joining Comgás, he worked in the energy sector for over 20 years, having joined Comgás in 1999. At Comgás he has been responsible for the following sectors: Assets, technical audits, emergencies and operations, demand planning, operation support, safety, health and environmental. He has a mechanical engineering degree and master's degree from Universidade Mackenzie.

Sergio Luiz da Silva. Mr. Silva is responsible for natural gas supply and marketing and joined Comgás's board of executive officers in 2006. He joined the Shell group in 1989 and has held several different positions within the group. He holds an industrial engineering degree from the Centro Federal de Educação Tecnológica de Minas Gerais, and an MBA from Fundação Dom Cabral.

Marcus Vinicius Vaz Bonini. Mr. Bonini is responsible for the expansion and customer relationship areas of Comgás. He has worked at Comgás since 1999 and has been a member of Comgás's board of directors since 2007. He was a consultant for Grupo BG and participated in the privatization process of Comgás. He holds an engineering degree from UMC, an MBA from USP and a marketing certification from Chartered Management Institute.

Carlos Eduardo Freitas Bréscia. Mr. Bréscia is responsible for Comgás's regulatory and institutional relations areas as well as tariff revisions. He has been working at Comgás since 1999 and previously served as an officer of CESP, the energy company of São Paulo. He holds an electrical engineering degree and business administration from Universidade Mackenzie and a master's degree in energy from USP.

Criminal Proceedings Involving Members of Our and Comgás's Management

Certain members of our and Comgás's management are parties to criminal proceedings, as follows:

Mr. Rubens Mello

Mr. Rubens Ometto Silveira Mello, in his capacity as a representative of Usina da Barra S.A. – Açucar e Álcool (predecessor of Raízen Energia), was named a defendant, together with Usina da Barra S.A. – Açucar e Álcool, in a complaint filed on September 24, 2007 alleging the crimes of disobedience and pollution in connection with the burning of sugarcane by the company in contravention of a judicial decision in a public civil class action. On motion, Mr. Mello pleaded (1) the illegitimacy of his status as a defendant given that he did not participate in the alleged conduct and was not the owner or lessor nor did he exercise control over the area in which the alleged conduct took place, (2) the failure of the alleged conduct to constitute a crime, given that the notice regarding the prohibition against the burning of sugarcane was not given by a competent authority, and (3) that the right to the controlled burning of sugarcane in the region was re-established in the context of the public civil class action. The motion was granted in part in relation to the suspension of the criminal proceeding until the rendering of a final judgment in the public civil action. While the statute of limitations with respect to the crime of pollution was tolled, the statute of limitations with respect to the crime of disobedience has expired. Accordingly, the complaint with respect to the crime of pollution was remanded to the state authorities in order for the investigations to continue. As of the date of this offering memorandum, this criminal proceeding remains suspended pending a final decision in the related public civil class action as to whether the crime of pollution was in fact committed. In the event the criminal proceeding is permitted to advance, Mr. Mello may be subject to criminal penalties, which may be substituted for community service and monetary fines. In the opinion of counsel responsible for Mr. Mello's defense, compelling legal arguments exist that would support dismissal of the charges against Mr. Mello.

In addition, Mr. Mello, while an executive officer of Cosan Centro-Oeste Açúcar e Álcool Ltda., was named a defendant, together with Cosan Centro-Oeste Açúcar e Álcool Ltda., in a complaint filed on July 20, 2011 alleging artificial price fixing of fuel and the formation of a cartel with the purpose of establishing regional market control. In his defense, Mr. Mello maintains that his status as a defendant in the proceeding is not proper given the lack of proof of his involvement in the alleged illicit acts. Mr. Mello also maintains that the increase in the price of ethanol resulted solely from market forces (i.e., that the increase in the price of ethanol did not result from criminal conduct, but rather the lawful exercise of a recognized constitutional right). The proceeding is currently pending confirmation of Mr. Mello's receipt of the interstate summons. In the event the criminal proceeding is permitted to advance, Mr. Mello may be subject to criminal penalties, including the inability to serve as a director of our Company. In the opinion of counsel responsible for Mr. Mello's defense, the likelihood of a decision favorable to Mr. Mello is possible.

Mr. Rubens Mello, Mr. Marcos Lutz, Mr. Marcelo Portela and Mr. Marcelo Martins

Mr. Mello, Mr. Marcos Marinho Lutz, Mr. Marcelo de Souza Scarcela Portela and Mr. Marcelo Eduardo Martins, in their capacity as executive officers of Raízen Energia and Cosan, were named defendants, together with Raízen Energia and Cosan, in two criminal complaints that were filed on August 28, 2014 and October 29, 2014, and were subjects of three police inquiries that were commenced on September 21, 2011, September 27, 2001 and October 21, 2011, to determine whether the companies (and its executive officers) committed tax evasion in connection with the alleged failure by those companies to adequately pay state value added taxes (ICMS).

The determination as to whether outstanding taxes are in fact due is at issue in a separate tax collection enforcement proceeding that is independent of the criminal proceeding and police inquiries. Bank letters of credit and insurance guarantees have been deposited with the relevant court in order to secure the amount in controversy. Such deposits have generally been interpreted by the Brazilian courts to eliminate criminal liability given that there would no longer exist a direct or indirect risk of harm to the public treasury and the allegedly illicit conduct of the defendants would no longer constitute a crime. In view of the foregoing, the defense filed a motion requesting that the criminal proceedings (which are currently suspended) be terminated for lack of cause. With regards to the police inquiries, one inquiry is suspended pending a judicial determination in connection with the corresponding tax

collection enforcement proceeding. The remaining inquiries are the subject of ongoing police investigations despite bank guarantees having been filed with the relevant court.

The charges could subject the defendants to criminal penalties and monetary fines. In the opinion of counsel responsible for the defense, it is not possible to estimate the likelihood that the police inquiries will be suspended or terminated. Nevertheless, the presentation of certain defenses, such as a lack of intent or the failure to prove that the public treasury was harmed, may result in the suspension or termination of these inquiries and/or any resulting criminal proceeding. In any event, the payment of the amount in controversy would, at any time, terminate any criminal liability.

Compensation

The aggregate compensation paid to members of Comgás's board of directors and executive officers during the year ended December 31, 2015 was R$29.2 million. At the annual shareholders' meeting held on April 26, 2016, the aggregate amount of compensation for the year ended December 31, 2016 was set by resolution at R$25.8 million.

PRINCIPAL SHAREHOLDERS

Issuer

Cosan Luxembourg S.A. is a wholly-owned subsidiary of Cosan S.A. Indústria e Comércio. If and when the Comgás Spin-Off with Substitution is completed and if the issuer is substituted, the potential substituted issuer of the notes, currently expected to be called Comgás Luxembourg S.A., is expected to be wholly-owned by Comgás Holding or Comgás, as the case may be.

Cosan

As of March 31, 2016, our authorized share capital is R$6 billion, of which R$3,822,725,243.92 is currently issued and paid-in consisting of 407,214,353 common shares. Other than the entities and individuals mentioned below, no other single shareholder holds more than 5.0% of our issued and outstanding total share capital.

Our common shares are listed on the *Novo Mercado* segment of the BM&FBOVESPA.

The following table sets forth our principal holders of issued and outstanding share capital and their respective shareholding as of the date of this offering memorandum:

Shareholders	Total Number of Common Shares	%
Cosan Limited	253,703,323	62.30
Controlling Shareholder	4,028	—
Management	8,808	—
Treasury shares	1,357,539	0.33
Free float	152,140,655	37.36
Total	**407,214,353**	**100.00**

As of March 31, 2016, Cosan Limited owned 62.30% of our common shares.

Comgás

As of March 31, 2016, the share capital of Comgás is R$1,312,376,553.11, represented by 99,781,567 common shares and 27,531,734 preferred shares, all issued and paid-in. Other than the entities and individuals mentioned below, no other single shareholder holds more than 5.0% of the issued and outstanding total share capital of Comgás.

Comgás's shares are listed on the "traditional" segment of the BM&FBOVESPA.

The following table sets forth the principal holders of the issued and outstanding share capital of Comgás and their respective shareholding as of the date of this offering memorandum:

Shareholders	Total Number of Common Shares(1)	%	Total Number of Preferred Shares(1)	%	Total Number of Shares(1)	%
Cosan S.A. Indústria e Comércio	71,587,344	73.66	4,470,994	16.67	76,058,338	61.33
Integral Investments B.V.	14,211,628	14.62	—	—	14,211,628	11.46
Shell Brazil Holding B.V.	7,594,007	7.81	—	—	7,594,007	6.12
LAPB Poland Equity Investment Fund	388,400	0.40	10,110,838	37.70	10,499,238	8.47
Free Float	3,410,690	3.51	12,235,407	45.63	15,646,097	12.62
Total	**97,192,069**	**100.00**	**26,817,239**	**100.00**	**124,009,308**	**100.00**

(1) In thousands.

The Comgás Spin-Off with Substitution transaction would distribute shares of Comgás or Comgás Holding, as the case may be, *pro rata* to the existing shareholders of Cosan at the relevant time.

Shareholders' Agreements and Other Arrangements

Rezende Barbosa

On June 2, 2009, we entered into an agreement with Rezende Barbosa to acquire 100% of the outstanding shares of Curupay S.A. Participações, or Curupay. The acquisition was carried out through the merger of Curupay into Cosan resulting in the issuance by Cosan of 44,300,389 new common shares, fully subscribed and paid-in by Rezende Barbosa.

Pursuant to a shareholders' agreement dated June 18, 2009, the Rezende Barbosa Family has the right to have one member on both the supervisory board and our board of directors. Cosan Limited has, subject to limited exceptions, a right of first refusal on our shares (CSAN3) owned by the Rezende Barbosa family.

Radar

On August 27, 2008, we entered into a shareholders' agreement with TIAA - CREF regarding our subsidiary Radar, whose corporate purpose is to identify and acquire rural properties with high appreciation potential for subsequent leasing and/or sale. We currently hold, directly and indirectly (through Radar II), approximately 29.5% of Radar's capital, with the remaining 70.5% (directly and indirectly through Radar II) being divided among other investors part of TIAA - CREF group. According to the shareholders' agreement, we retain the majority of votes on Radar's Board of Directors, thereby retaining control of the company. In addition, we have a 10-year option to subscribe 20% of Radar capital stock for the same amount as the initial capitalization.

Radar II

On September 28, 2012, we entered into a shareholders' agreement with TIAA - CREF regarding our subsidiary Radar II, whose corporate purpose is to identify and acquire rural properties with high appreciation potential for subsequent leasing and/or sale. We currently hold approximately 65.1% of Radar's capital, with the remaining 34.9% being divided among other investors part of TIAA - CREF group. According to the shareholders' agreement, we retain the majority of votes on Radar's Board of Directors, thereby retaining control of the company.

Agreements Between Shell and Cosan

We and Shell have entered into other definitive agreements, among others, concerning the scope of the Joint Venture, the governance and management of the Joint Venture and the granting of reciprocal put and call options concerning their interests in the Joint Venture. Each of these agreements was entered into on June 1, 2011.

The shareholders' agreements for Raízen Energia and Raízen Combustíveis establish the scope and governance of the Joint Venture, as well as its dividend policy. The agreements provide that the scope of the Joint Venture is the global production of sugar cane-based ethanol and sugar and the distribution, commercialization and sale of fuel products within Brazil. We, Shell and our respective affiliates are prohibited from competing with the Joint Venture as long as they remain shareholders of the Joint Venture (subject to customary exceptions).

The shareholders' agreements provide that the Joint Venture will be governed by supervisory boards that are composed of six members: three nominated by us, with Mr. Rubens Ometto Silveira Mello acting as chairman, and three nominated by Shell. Most decisions by the supervisory boards require a quorum of two members and are generally made by a majority of the members present and voting at the relevant meeting. Certain significant matters, however, will require the consent of five of the six or four of the six members, as the case may be.

The matters which require the consent of five of the six or four of the six members include but are not limited to the following:

- setting the general strategic guidelines and direction for the Joint Venture and amending and updating the joint venture's business plan;
- appointing, removing or terminating members of the executive board;
- determining the compensation and benefits of certain employees;

- amending key policies and procedures of the Joint Venture;
- adopting or amending the annual and capital budgets;
- instituting or settling any litigation or dispute in excess of a specified sum or which could damage the reputation of the Joint Venture, us or Shell;
- selling, assigning, transferring or encumbering assets of the Joint Venture outside of the ordinary course of business in excess of a specified amount;
- entering into transactions (including mergers, stock purchases or asset purchases) of which the value or purchase price exceeds a specified amount;
- making capital expenditures in excess of a specified amount, subject to certain exceptions;
- submitting any matters, including financial statements and reports, to the meeting of the Joint Venture's shareholders;
- entering into any contract, agreement or instrument outside of the ordinary course of business and that provides for payments in excess of a specified amount;
- entering into material amendments, modifications or waivers or terminating any contract where payment obligations exceed a specified amount;
- making any decision to borrow money or guarantee the payment or performance of any obligation in excess of a specified amount or to prepay indebtedness of a specified amount;
- creating any encumbrance over or the issuance of any Joint Venture securities or any option relating to any Joint Venture securities, subject to certain exceptions;
- approving the credit limits or the extension of credit to any customer of the Joint Venture in excess of a specified amount; and
- entering into, amending, terminating or renewing any insurance policy.

If the supervisory boards cannot reach a decision with respect to a matter that is their responsibility, one representative of Cosan and one representative of Shell will meet to attempt to resolve the matter. Any decision by these shareholder representatives must be unanimous. If the shareholder representatives cannot reach a joint decision, no decision would be taken or effected and the *status quo* would prevail.

Additionally, certain matters require the consent of the shareholders of the Joint Venture. These matters include, but are not limited to, removal of any member of a supervisory board; approval of supervisory board resolutions relating to dividend payments; approval of management accounts and financial statements; amendments to the by-laws of Raízen Energia or Raízen Combustíveis; and issuance of securities by the Joint Venture.

The shareholders' agreements provide that a shareholder may lose certain governance rights if it fails to make capital contributions that may be required pursuant to the shareholders' agreements or to make certain payments required pursuant to the Framework Agreement. If the delinquent party pays or contributes such amounts in full within a specified cure period, the respective governance rights of the shareholders are returned to their original state prior to any such delinquency.

The day-to-day management of the Joint Venture is conducted by the executive boards, composed of a chief executive officer and other senior executive officers. The shareholders' agreements set forth the various functions and responsibilities of the chief executive officer and senior management, as well as the actions that may be taken by the executives without the approval of the relevant supervisory board.

Cosan and Comgás Shareholders' Agreement

We and Integral Investments B.V. entered into a shareholders' agreement regarding each of our interest in Comgás, dated December 19, 2012, or the Comgás Shareholders Agreement.

The scope of the Comgás Shareholders Agreement is to define the terms and conditions that will regulate the relationship between the parties as shareholders of Comgás, in particular with respect to: (i) the exercise of voting power of the parties; (ii) the election of members of the board of directors and the board of executive officers; (iii) the management powers attributed to executive officers and directors; (iv) general matters relating to the corporate governance of Comgás; and (v) Comgás's dividend policy.

The Comgás Shareholders Agreement provides for tag along rights to Integral and Shell in the event we receive a proposal for the sale of shares that would result in our holding less than 51% of the voting shares of Comgás.

The appointment of members of the board of directors and board of executive officers of Comgás will be proportional to the interests held by Cosan and Integral, provided that: (1) the parties shall be entitled to nominate one member of the board of directors for each 10% interest in the relevant shares; (2) even if Cosan or Integral holds less than a 20% interest in the relevant shares, but such interest is at least equal to 16% of the relevant shares, each of Cosan and Integral will be entitled to nominate two members of the board of directors; and (3) we will have the right to appoint the chairman of the board of directors of Comgás.

Decisions related to Comgás's business administration will be approved by its board of executive officers, within the limits conferred by the board of directors and Comgás's by-laws. The executive officers shall be nominated for a two-year term, renewable for additional two-year terms, without limitation.

The shareholders' and board of directors' meetings of Comgás will be preceded by preliminary meetings between the parties to the shareholders agreement, which shall determine the voting instructions for their representatives therein proportionately to their interest in Comgás's capital stock.

The matters which are subject to veto rights by the parties in shareholders meetings of Comgás include, among others:

- any merger, spin-off or other corporate restructuring;
- the issuance of new shares by Comgás or of any other security that is convertible in an equity interest, as well as the creation of a new class of shares or any modification of the rights attached to any class of shares
- amendment of Comgás's dividend policy;
- amendment of Comgás by-laws; and
- the approval of Comgás's budget for capital expenditures.

The matters which are subject to veto rights by the parties in meetings of the board of directors of Comgás include, among others:

- participation of Comgás in any joint venture or in the equity of any other company;
- creation of any committees of the board of directors;
- grant of guarantees to third parties other than in ordinary course of business;
- execution of any loan agreement or issuing debentures with maturities exceeding one year;
- execution of transactions exceeding certain amounts; and
- execution of gas purchase agreements worth more than U.S.$150 million.

Comgás has an audit committee which was installed according to its by-laws and the Brazilian Corporate Law. The parties are entitled to nominate one member of the audit committee for each 16% interest of the relevant shares.

RELATED PARTY TRANSACTIONS

Cosan

We engage in related party transactions with certain of our affiliates, some of which are of a recurring nature. Financial information with respect to certain material related party transactions is set forth in note 7 to Cosan's unaudited interim financial statements as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015.

As a result of Cosan's participation in the PESA federal government financing program between 1998 and 2000, Amaralina mortgaged land to secure the restructuring of Cosan's debt, and Agrícola Ponte Alta and Pedro Ometto S.A. mortgaged land to secure the restructuring of the debt of Da Barra.

Comgás

Comgás engages in related party transactions with certain of its affiliates, in the normal course of business, some of which are of a recurring nature. For additional information with respect to certain material related party transactions, see note 10 to Comgás's unaudited interim financial statements as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015, and note 10 to Comgás's audited financial statements as of and for the fiscal years ended December 31, 2015 and 2014, included elsewhere in this offering memorandum.

On April 15, 1999 Comgás entered into a commercial services agreement with the Shell group pursuant to which Shell will make available commercial services personnel to provide administrative support for Comgás's business activities. The term of the agreement was through May 20, 2007 and is automatically renewed for five-year periods.

Integral and Shell, subsidiaries of Shell Gas BV of the Shell Group, are the next two largest shareholders of Comgás after Cosan. In addition, Cosan and Shell entered into two joint ventures in 2011, pursuant to which Cosan contributed its sugar and ethanol and its fuel distribution assets to the joint venture while Shell contributed its distribution assets in Brazil, its interests in second generation ethanol research and development entities (Iogen Corp. and Codexis, Inc., its aviation fuel business in Brazil) and the license to use the Shell brand.

Pursuant to Comgás's concession agreement with the Government of the State of São Paulo, any agreements between Comgás and (i) its controlling shareholder, direct or indirect, or related companies, especially those related to management, engineering, accounting, consulting, construction works, loans, stock sales, goods and services; (ii) individuals or legal entities that, together with Comgás, are part, directly or indirectly, of the same controlled company; or (iii) individuals or legal entities that have common directors or officers to Comgás, must be submitted for ARSESP's prior approval.

DESCRIPTION OF NOTES

In this Description of Notes, save as provided below in relation to the Comgás Spin-Off with Substitution, the term the "Guarantor" refers only to Cosan S.A. Indústria e Comércio, and any successor obligor on the notes, and not to any of its Subsidiaries or Affiliates. Cosan Luxembourg S.A., or the "Issuer", issued the notes under the Indenture dated as of June 20, 2016, among Cosan Luxembourg S.A., the Guarantor, Deutsche Bank Trust Company Americas, as trustee, principal paying agent, transfer agent and registrar, and Deutsche Bank Luxembourg S.A., as paying agent and transfer agent.

You can find the definitions of certain terms used in this description under "—Certain Definitions." The terms of the notes include those stated in the Indenture.

The following is a summary of the material provisions of the Indenture. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture in its entirety. Copies of the form of the Indenture are available as described under "Listing and General Information."

Basic Terms of the Notes

The notes:

- are unsecured unsubordinated obligations of the Issuer, ranking equally in right of payment with all other existing and future unsecured and unsubordinated obligations of the Issuer;
- will be fully, unconditionally and irrevocably guaranteed by the Guarantor, which guarantee will rank equally in right of payment with all other existing and future unsecured and unsubordinated obligations of the Guarantor;
- provide for the replacement and substitution of the Guarantor and the Issuer, without the consent of the noteholders or the trustee and without further action, in connection with the Comgás Spin-Off with Substitution;
- are issued in an original aggregate principal amount of U.S.$650,000,000 in this offering and in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof;
- bear interest commencing on the Issue Date at 7.000% per annum, payable semi-annually on January 20 and July 20 of each year, commencing on January 20, 2017 to holders of record on January 18 or July 18 immediately preceding the corresponding interest payment date;
- bear interest on overdue principal, and pay interest on overdue interest, at 1% per annum higher than the per annum rate set forth on the cover of this offering memorandum;
- mature on January 20, 2027;
- provide that the Issuer may, at its option, redeem all or only some of the notes in accordance with the provisions described under "—Redemption;" and
- will have a redemption price at maturity payable in full in a single payment unless redeemed or repurchased earlier pursuant to the terms of the Indenture.

Claims for principal in respect of notes shall become void unless the relevant note certificates are surrendered for payment within ten years of the due date therefor. Claims for interest in respect of notes shall become void unless the relevant note certificates are surrendered for payment within five years of the due date therefor.

Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Additional Notes

Subject to the covenants described below, the Issuer may, from time to time and without your consent as a holder of the notes, issue notes under the Indenture having the same terms in all respects as the notes except that the

issue date, the issue price and the first payment of interest thereon may differ, provided, however, that such additional notes will either be (i) fungible with the original notes for U.S. federal income tax purposes or (ii) issued under a separate CUSIP number. The notes offered hereby and any additional notes will be treated as a single class for all purposes under the Indenture and will vote together as one class on all matters with respect to the notes.

Payment of Additional Amounts

All payments by the Issuer in respect of the notes or the Guarantor in respect of a Note Guarantee will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of any jurisdiction in which the Issuer or Guarantor is organized or is a resident for tax purposes, or any other jurisdiction through which any payments under the notes are made by or on behalf of the Issuer, or any political subdivision thereof, having power to tax (a "Relevant Jurisdiction"), unless the Issuer or the Guarantor is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer or the Guarantor will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and pay such additional amounts as may be necessary to ensure that the net amounts receivable by holders of notes after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the notes in the absence of such withholding or deduction ("Additional Amounts"). No such Additional Amounts shall be payable:

- to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such note by reason of the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, a limited liability company or a corporation) or beneficial owner and the Relevant Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) or beneficial owner being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, other than the mere holding of the note or enforcement of rights and the receipt of payments with respect to the note;

- in respect of notes surrendered (if surrender is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of such note would have been entitled to such Additional Amounts, on surrender of such note for payment on the last day of such period of 30 days;

- in respect of any tax, duty, assessment or other governmental charge imposed on a note presented for payment by or on behalf of a holder who would have been able to avoid that withholding or deduction by presenting the relevant note to another paying agent in a member state of the European Union;

- in respect of any tax, duty, assessment or other governmental charge imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), as of the date of the Indenture (or any amended or successor version), current or future U.S. Treasury Regulations issued thereunder or any official interpretation thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code;

- where such Additional Amount is imposed on a payment to, or for the benefit of, a Luxembourg resident individual pursuant to the Luxembourg law of 23 December 2005;

- to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction, if (1) compliance is required by the Relevant Jurisdiction, as a precondition to, exemption from, or reduction in the rate of, the tax, duty, assessment or other governmental charge and (2) the Issuer has given the holders or such third party, as applicable, at least 30 days' notice that they will be required to provide such certification, identification or other requirement;

- in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, duty, assessment or governmental charge;

- in respect of any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest on the note or by direct payment by the Issuer or the Guarantor in respect of claims made against the Issuer or the Guarantor; or

- in respect of any combination of the above.

In addition, no Additional Amounts shall be paid with respect to any payment on a note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of the Relevant Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in a limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or beneficial owner been the holder.

"Relevant Date" means, with respect to any payment on a note, whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the trustee on or prior to such due date, the date on which notice is given to the holders that the full amount has been received by the trustee. The notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation. Except as specifically provided above, neither the Issuer nor the Guarantor shall be required to make a payment with respect to any tax, duty, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

All references to "Issuer" (or, as applicable, "Guarantor") in this section include any entity that replaces and becomes a substitute for the Issuer (or, as applicable, the Guarantor), in each case as a result of a substitution or replacement that occurs pursuant to the terms of the Indenture.

In the event that Additional Amounts actually paid with respect to the notes described above are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and, as a result thereof such holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Issuer.

Any reference in this offering memorandum, the Indenture or the notes to principal, interest or any other amount payable in respect of the notes by the Issuer or the guarantee by the Guarantor will be deemed also to refer to any Additional Amount, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The foregoing obligation will survive termination or discharge of the Indenture, payment of the notes and/or the resignation or removal of the trustee or any agent hereunder.

Redemption

Optional Redemption with a Make-Whole Premium

Prior to January 20, 2022, the Issuer may, at its option, redeem all of the notes at any time or part of the notes from time to time at a redemption price equal to 100% of the principal amount of the notes plus the Applicable Premium as of, and accrued and unpaid interest to, but excluding, the redemption date (subject to the right of noteholders on the relevant Record Date to receive interest due on the relevant interest payment date).

"Applicable Premium" means with respect to a note at any redemption date, the greater of (1) 1.0% of the principal amount of such note on such redemption date and (2) the excess, if any, of (A) an amount equal to the present value at such redemption date of (i) the redemption price of such note on January 20, 2022 (such redemption price being described in the "—Optional Redemption without a Make-Whole Premium" section exclusive of any accrued interest) *plus* (ii) all required remaining scheduled interest payments due on such note (assuming that the interest rate per annum on the notes applicable on the date on which the notice of redemption was given was in effect for the entire period) through January 20, 2022 (but excluding accrued and unpaid interest to the redemption

date), in each case, computed using a discount rate equal to the Adjusted Treasury Rate plus 0.500%, over (B) the principal amount of such note on such redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date, the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to January 20, 2022 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity comparable to January 20, 2022.

"Comparable Treasury Price" means, with respect to any redemption date, the average of three, or such lesser number as is obtained by the Quotation Agent, Reference Treasury Dealer Quotations for such redemption date.

"Quotation Agent" means the Reference Treasury Dealer selected by the Issuer.

"Reference Treasury Dealer" means Citigroup Global Markets Inc., HSBC Securities (USA) Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated, their respective successors and assigns, and any two additional nationally recognized investment banking firms selected by the Issuer that are primary U.S. Government securities dealers.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as calculated by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day immediately preceding such redemption date.

Optional Redemption without a Make-Whole Premium

On and after January 20, 2022, the Company may, at its option, redeem all of the notes at any time or part of the notes from time to time at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of noteholders on the relevant Record Date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on January 20 of the years set forth below:

Year	Redemption Price
2022	103.500%
2023	102.333%
2024	101.167%
2025 and thereafter	100.000%

Optional Redemption upon Sale of Equity Interests

At any time prior to January 20, 2020, the Issuer or the Guarantor may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of notes issued under the Indenture at a redemption price of 107.000% of the principal amount, plus accrued and unpaid interest to the redemption date, using cash in an amount up to the amount of the net cash proceeds of a sale of Equity Interests (other than Disqualified Stock) of the Issuer or the Guarantor or any Subsidiary thereof; provided that:

(1) at least 65% of the aggregate principal amount of notes originally issued under the Indenture (excluding notes held by the Guarantor and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such sale of Equity Interests.

Notice of any redemption upon any sale of Equity Interests may be given prior to the completion thereof, and any such redemption or notice may, at the Issuer's or the Guarantor's discretion, be subject to one or more condition precedent, including, but not limited to, completion of the related sale.

Optional Redemption Procedures

In the event that less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the trustee on a *pro rata* basis or by lot or, in the case of notes issued in global form, in accordance with the procedures of The Depository Trust Company ("DTC") unless otherwise required by law. If notes are redeemed in part, the remaining outstanding principal amount (including any additional notes, but excluding any notes held by the Issuer or any of its Affiliates) must be at least equal to U.S.$100.0 million.

Notice of any redemption will be mailed by the Issuer or the Guarantor first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to holders of notes to be redeemed, at their respective registered addresses or otherwise in accordance with the procedures of DTC. At least 5 days prior to the date when the notice of redemption is sent to the noteholders (unless a shorter notice period shall be acceptable to the trustee), the Issuer shall notify the trustee in writing of such proposed redemption date and the principal amount of the notes to be redeemed. If notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. For so long as the notes are listed on the Luxembourg Stock Exchange for trading on the Global Exchange Market and the rules of the exchange require, the Issuer will cause notices of redemption to also be published as described in "—Notices" below. A new note in a principal amount equal to the unredeemed portion thereof, if any, will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate).

Notes called for redemption will become due on the date fixed for redemption. The Issuer will pay the redemption price for any note together with accrued and unpaid interest thereon through, but excluding, the redemption date. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Issuer has deposited with the paying agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any notes by the Issuer, such redeemed notes will be cancelled or remain outstanding as instructed in each case by the Issuer.

Redemption for Taxation Reasons

If as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, or any amendment to or change in an official interpretation, administration or application of such laws, treaties, rules, or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the later of the Issue Date or the date a Relevant Jurisdiction becomes a Relevant Jurisdiction, (i) the Issuer or any successor has or will become obligated to pay any Additional Amounts as described above under "—Payment of Additional Amounts" in excess of the Additional Amounts the Issuer or any such successor would be obligated to pay if payments were subject to withholding or deduction at a rate of 0% or (ii) the Guarantor or any successor has or will become obligated to pay Additional Amounts as described above under "—Payment of Additional Amounts" in excess of the Additional Amounts the Guarantor or any such successor would be obligated to pay if payments were subject to withholding or deduction at a rate of 15% or at a rate of 25% in case the holder of the notes is resident in a tax haven jurisdiction for Brazilian tax purposes (i.e., countries which do not impose any income tax or which impose it at a maximum rate lower than 17% or where the laws impose restrictions on the disclosure of ownership composition or securities ownership) (the rates in (i) and (ii), the "Minimum Withholding Level"), as a result of the taxes, duties, assessments and other governmental charges described above, the Issuer, the Guarantor or any such successor may, at its option, redeem all, but not less than all, of the notes, at a redemption price equal to 100% of their principal amount, together with interest accrued to the date fixed for redemption, upon publication of irrevocable notice of redemption not less than 30 days nor more than 90 days prior to the date fixed for redemption. No notice of such redemption may be given earlier than 90 days prior to the earliest date on which such Additional Amounts would first be paid were a payment then due. Notwithstanding the foregoing, the Issuer, the Guarantor or any successor shall not have the right to so redeem the notes unless: (i) it or the Guarantor, as the case may be, has taken reasonable measures to avoid the obligation to pay Additional Amounts (provided, however, for this purpose reasonable measures shall not include the Issuer, the Guarantor or any successor moving or changing jurisdiction); and (ii) it or the Guarantor, as the case may be, has complied with all necessary regulations to legally effect such redemption.

In the event that the Issuer, the Guarantor or any successor elects to so redeem the notes, it will deliver to the trustee:

(1) a certificate, signed in the name of the Issuer by two of its executive officers or by its attorney in fact in accordance with its bylaws or any successor, stating that the Issuer, the Guarantor or any successor, as the case may be, is entitled to redeem the notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Issuer or any successor to so redeem have occurred or been satisfied; and

(2) an opinion of counsel, who is reasonably acceptable to the trustee, to the effect that the Issuer, any successor or the Guarantor or any successor to the Guarantor has or will become obligated to pay Additional Amounts in excess of the Additional Amounts payable at the Minimum Withholding Level as a result of the change or amendment, that the Issuer, the Guarantor, or any successor, as the case may be, cannot avoid payment of such excess Additional Amounts by taking reasonable measures available to it and that all governmental requirements necessary for the Issuer, the Guarantor or any successor to effect the redemption have been complied with.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the notes.

Guarantee of the Notes

Subject to the provisions of the Indenture described under "—Substitution of the Guarantor and the Issuer in connection with the Comgás Spin-Off with Substitution" below, Cosan S.A. Indústria e Comércio will fully, unconditionally and irrevocably guarantee to each holder and the trustee all of the obligations of the Issuer pursuant to the notes (the "Note Guarantee"), including, the full and prompt payment of principal and interest on the notes, and all other payment obligations of the Issuer under the Indenture, when and as the same become due and payable, whether at maturity, upon redemption or repurchase, by declaration of acceleration or otherwise, including any Additional Amounts required to be paid in connection with certain taxes. Any obligation of the Issuer to make a payment may be satisfied by causing the Guarantor to make such payment. The Guarantor will comply with all then-applicable Central Bank regulations to legally effect any payments under the Note Guarantee.

The Note Guarantee will terminate upon:

(1) a sale or other disposition (including by way of consolidation or merger) of the Guarantor, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture provided that the provisions of paragraph (a)(1)(y) under the heading "Consolidation, Merger or Transfer of Assets" in relation to the guarantee of the Indenture and the notes by the relevant resulting, surviving or transferee Person have been complied with;

(2) with respect to the Note Guarantee of Cosan S.A. Indústria e Comércio only, the guarantee of the notes by Comgás Holding or Comgás, as applicable, in replacement and substitution for the guarantee of the notes by Cosan S.A. Indústria e Comércio on the Comgás Spin-Off with Substitution Consummation Date in the event that either Comgás Holding or Comgás is substituted as the Guarantor in accordance with the provisions of the Indenture; or

(3) defeasance or discharge of the notes, as described under the caption "—Defeasance and Discharge."

None of the Guarantor's Subsidiaries (other than the Issuer), Raízen Energia S.A. or Raízen Combustíveis S.A. will guarantee the notes. The notes and Note Guarantee will be effectively subordinated to claims of creditors (including trade creditors and preferred stockholders, if any) of each of the Guarantor's Subsidiaries (other than the Issuer), Raízen Energia S.A. and Raízen Combustíveis S.A.

Substitution of the Guarantor and the Issuer in connection with the Comgás Spin-Off with Substitution

The terms of the notes allow for the replacement and substitution of each of the Guarantor and the Issuer, without the consent of the noteholders or the trustee and without further action, in connection with a Comgás Spin-Off with Substitution. If the Comgás Spin-Off with Substitution Consummation Date occurs, on such date (i) the existing Guarantor, Cosan S.A. Indústria e Comércio, may be replaced and substituted by either (A) a holding company ("Comgás Holding") that owns at least a majority (more than 50%) of the equity interests in Companhia de Gás de São Paulo – Comgás ("Comgás") or (B) Comgás, and (ii) the existing Issuer, Cosan Luxembourg S.A.,

may be replaced and substituted by the Permitted Substituted Issuer. As of the Issue Date, Cosan S.A. Indústria e Comércio owned 61.33% of the equity interest in Comgás. Accordingly, on and after the Comgás Spin-Off with Substitution Consummation Date, noteholders would only have recourse to the assets of Comgás Holding or Comgás, as applicable, and the Permitted Substituted Issuer. The terms Comgás Spin-Off with Substitution and Comgás Spin-Off with Substitution Consummation Date, which specify the conditions upon which such Issuer and Guarantor replacement and substitution can occur, are defined below under "—Relevant Definitions." As an alternative to the Comgás Spin-Off with Substitution (and the replacement and substitution of the Guarantor and the Issuer), the terms of the notes also allow Cosan S.A. Indústria e Comércio to sell, convey, transfer, distribute or otherwise dispose of all of Cosan S.A. Indústria e Comércio's equity interests in Comgás (and the proceeds thereof) to Cosan S.A. Indústria e Comércio's shareholders, pursuant to a Comgás Spin-Off without Substitution. If a Comgás Spin-Off without Substitution occurs, Cosan S.A. Indústria e Comércio and Cosan Luxembourg S.A. will remain as the Guarantor and the Issuer, respectively, of the Note Guarantee and notes, and in such case, noteholders would no longer have recourse to the Guarantor's equity interests in Comgás and any related distributions or assets.

There can be no assurance that the Comgás Spin-Off with Substitution Consummation Date will occur. See "Risk Factors—Risks Relating to the Notes and the Guarantee—There is no assurance that the Comgás Spin-Off with Substitution will be concluded and the terms in which it will occur. If the Comgás Spin-Off with Substitution does not occur, Cosan Luxembourg will remain the Issuer and Cosan will remain the guarantor" and "—If any of the Comgás Spin-Off, the Radar Spin-Off or the Cosan Lubrificantes Spin-Off occur, Cosan Luxembourg will remain the Issuer and Cosan will remain the guarantor, without the benefit of any cash flows from Comgás, Radar or Cosan Lubrificantes, as applicable, to help service the notes."

Relevant Definitions

The terms of the notes allow for the replacement and substitution of each of the Guarantor and the Issuer, without the consent of the noteholders or the trustee and without further action, in connection with the Comgás Spin-Off with Substitution.

"Comgás Spin-Off with Substitution" means any sale, conveyance, transfer, distribution or other disposition of the entire Capital Stock of either Comgás Holding or Comgás (whether by sale, merger, spin-off, split-off or otherwise) to the shareholders of Cosan S.A. Indústria e Comércio which is consummated and becomes effective only on the Comgás Spin-Off with Substitution Consummation Date and which satisfies the following conditions:

(1) the Comgás Spin-Off with Substitution Consummation Date shall occur no later than the third anniversary of the Issue Date;

(2) immediately after giving effect to the transaction, in the case of any sale, conveyance, transfer, distribution or other disposition of the Capital Stock of Comgás Holding, Comgás Holding continues to own the equity interests it owned immediately prior to such transaction;

(3) immediately after giving effect to the transaction, by reference to either Comgás Holding or Comgás being the Guarantor (on a pro forma basis consistent with the pro forma adjustment provisions set forth in the definition of Net Debt to EBITDA Ratio and determined by reference to the Pro Forma Spin-Off Financial Statements), the Net Debt to EBITDA Ratio of Comgás Holding or Comgás, as applicable, on the Comgás Spin-Off with Substitution Consummation Date does not exceed 3.5;

(4) upon the occurrence of the Comgás Spin-Off with Substitution Consummation Date: (i) Comgás Holding, if constituted, owns at least a majority (more than 50%) of the equity interests in Comgás and (ii) Comgás continues to conduct all or substantially all of the business of the distribution of piped natural gas as was conducted by Cosan S.A. Indústria e Comércio and its Subsidiaries taken as a whole immediately prior to the Comgás Spin-Off with Substitution Consummation Date; and

(5) Comgás Holding or Comgás, as applicable, having been advised by at least two Rating Agencies (each, a "Relevant Corporate Credit Rating Provider") that maintain a published corporate credit rating of Cosan S.A. Indústria e Comércio on the Comgás Spin-Off with Substitution Consummation Date (each, a "Relevant Corporate Credit Rating") that upon the occurrence of the Comgás Spin-Off with Substitution Consummation Date, each Relevant Corporate Credit Rating Provider shall maintain a published corporate credit rating of Comgás Holding or Comgás, as applicable, and such credit rating (and the review or "watch" status thereof) of Comgás Holding or

Comgás, as applicable, by each Relevant Corporate Credit Rating Provider will, as a result of the Comgás Spin-Off with Substitution, be equal to or higher than the Relevant Corporate Credit Rating (including, when determining whether the rating is equal or higher, with regard to the review or "watch" status thereof, other than a review or "watch" that is the same or indicates a possible upgrade in the Relevant Corporate Credit Rating).

"Comgás Spin-Off with Substitution Consummation Date" means the date on which each of the following conditions have been satisfied:

(1) the Comgás Spin-Off with Substitution being consummated and becoming effective subject only to the satisfaction of the other conditions in this definition;

(2) Comgás Holding or Comgás, as applicable, shall have expressly assumed by supplemental indenture all of the obligations of Cosan S.A. Indústria e Comércio under the Indenture and the Note Guarantee;

(3) the Permitted Substituted Issuer shall have expressly assumed by supplemental indenture all of the obligations of Cosan Luxembourg S.A. under the Indenture and the notes;

(4) Comgás Holding or Comgás, as applicable, shall have delivered to the trustee an Officers' Certificate in the form set out as an exhibit to the Indenture and all statements, representations and warranties made therein being true and accurate;

(5) Comgás Holding or Comgás, as applicable, shall have delivered to the trustee opinions of (i) New York, (ii) Brazilian and (iii) Luxembourg or Cayman Islands (as applicable) counsel to Comgás Holding or Comgás, as applicable, and the Permitted Substituted Issuer, each substantially in the form set out as exhibits to the Indenture;

(6) each of Comgás Holding or Comgás, as applicable, and the Permitted Substituted Issuer shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the notes and the Indenture;

(7) no Default or Event of Default having occurred and be continuing, or in each case would occur as a result of the proposed replacement and substitution of the Guarantor and the Issuer pursuant to the terms of the Indenture; and

(8) the proposed replacement and substitution of the Guarantor and the Issuer pursuant to the terms of the Indenture being in compliance with all applicable requirements of the laws of Brazil, Luxembourg and, if the Permitted Substituted Issuer is a corporation organized in the Cayman Islands, the Cayman Islands.

Substitution of the Guarantor

In connection with the Comgás Spin-Off with Substitution, if the Comgás Spin-Off with Substitution Consummation Date occurs, Comgás Holding or Comgás may, on such date, expressly assume by supplemental indenture all of the obligations of Cosan S.A. Indústria e Comércio under the Indenture and the Note Guarantee, whereupon:

(1) Cosan S.A. Indústria e Comércio shall cease to guarantee the obligations of the Issuer pursuant to the notes;

(2) Comgás Holding or Comgás, as applicable, shall become the sole Guarantor of the obligations of the Issuer pursuant to the notes and shall be deemed to be named in the Note Guarantee as the guarantor of the Issuer's obligations thereunder in place of Cosan S.A. Indústria e Comércio;

(3) the Note Guarantee shall be deemed to be amended to give effect to such replacement and substitution; and

(4) all references to "Guarantor" in the Indenture shall thereafter be deemed to refer to Comgás Holding or Comgás, as applicable.

A notice to noteholders shall be published in compliance with applicable requirements of the Luxembourg Stock Exchange in the case of a substitution of the Guarantor.

Substitution of the Issuer

In connection with the Comgás Spin-Off with Substitution, if the Comgás Spin-Off with Substitution Consummation Date occurs, the Permitted Substituted Issuer may, on such date, expressly assume by supplemental indenture all of the obligations of Cosan Luxembourg S.A. under the Indenture and the notes, whereupon:

(1) Cosan Luxembourg S.A. shall cease to be the Issuer of notes;

(2) the Permitted Substituted Issuer shall become the sole Issuer of the notes and shall be deemed to be named in the notes as the principal debtor in place of Cosan Luxembourg S.A.;

(3) the notes shall be deemed to be amended to give effect to such replacement and substitution; and

(4) all references to "Issuer" in the Indenture shall thereafter be deemed to refer to the Permitted Substituted Issuer.

Notwithstanding any other provision contained in the Indenture, the Permitted Substituted Issuer (if the Permitted Substituted Issuer is a corporation organized in Luxembourg) may, at any time after the Comgás Spin-Off with Substitution Consummation Date, be replaced and substituted by any Substantially Wholly-Owned Subsidiary of Comgás Holding or Comgás, as applicable, organized in the Cayman Islands (in such capacity, the "Cayman Islands Substituted Issuer") in respect of the notes and the Indenture provided that:

(1) the Cayman Islands Substituted Issuer shall have expressly assumed by supplemental indenture all of the obligations of the Permitted Substituted Issuer under the Indenture and the notes;

(2) Comgás Holding or Comgás, as applicable, shall have delivered to the trustee an Officers' Certificate in the form set out as an exhibit to the Indenture and all statements, representations and warranties made therein being true and accurate;

(3) Comgás Holding or Comgás, as applicable, shall have delivered to the trustee opinions of New York, Brazilian and Cayman Islands counsel to Comgás Holding or Comgás, as applicable, and the Cayman Islands Substituted Issuer, each substantially in the form set out as exhibits to the Indenture;

(4) the Cayman Islands Substituted Issuer shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the notes and the Indenture;

(5) no Default or Event of Default having occurred and be continuing, or in each case would occur as a result of the proposed replacement and substitution of the Issuer with the Cayman Islands Substituted Issuer pursuant to the terms of the Indenture; and

(6) the proposed replacement and substitution of the Issuer with the Cayman Islands Substituted Issuer pursuant to the terms of the Indenture being in compliance with all applicable requirements of the laws of Brazil, the Cayman Islands and the Grand Duchy of Luxembourg.

A notice to noteholders shall be published in compliance with applicable requirements of the Luxembourg Stock Exchange in the case of a substitution of the Issuer.

General

The replacement and substitution of the Guarantor and the Issuer pursuant to the paragraphs above does not require the consent of the noteholders or the trustee or any further action not contemplated by the provisions of the Indenture (and by subscribing for or purchasing any notes, each holder of the notes expressly consents to such replacement and substitution).

No later than ten Business Days after the replacement and substitution of the Guarantor and the Issuer pursuant to the paragraphs above, the Guarantor and the Issuer shall give written notice thereof in accordance with the provisions described in "Notices" below.

Notwithstanding anything to the contrary in the notes or the Indenture, if the Guarantor and the Issuer are replaced and substituted on the Comgás Spin-Off with Substitution Consummation Date, at such time, for purposes of determining compliance with the covenants in the Indenture, Comgás Holding or Comgás, as applicable, and the Permitted Substituted Issuer shall be permitted to use any of the permitted exclusions and baskets set forth in the Indenture as if such permitted exclusions and baskets had not been relied upon prior to the Comgás Spin-Off with Substitution Consummation Date (subject to the terms of such permitted exclusions and baskets) and as if (for this purpose) the Comgás Spin-Off with Substitution Consummation Date is the date of the Indenture.

Ranking

The notes will be unsecured and unsubordinated obligations of the Issuer and will rank equally with any and all other existing and future unsecured and unsubordinated obligations of the Issuer.

The Note Guarantee will be an unsecured, unsubordinated obligation of the Guarantor, ranking equally with all of its other existing and future unsecured and unsubordinated obligations. The Note Guarantee will effectively rank junior to all secured debt of the Guarantor, to the extent of the value of the assets securing that debt. Although the Indenture contains limits on the ability of the Issuer and the Guarantor to Incur secured debt, the limitation is subject to a number of significant exceptions. If we become insolvent or are liquidated, or default in the payment of these obligations, our secured creditors will be entitled to exercise the remedies available to them under the law. These creditors will have a prior claim on our assets covered by their liens. See "Certain Covenants—Limitation on Liens."

Under Brazilian law, as a general rule, noteholders and the Note Guarantee will not have any claim whatsoever against non-guarantor subsidiaries of the Guarantor. Although the Indenture limits the incurrence of Debt and Disqualified Stock of Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by the Guarantor's Subsidiaries, or by Raízen Energia S.A. or Raízen Combustíveis S.A., of liabilities that are not considered Debt or Disqualified Stock under the Indenture. See "—Certain Covenants—Limitation on Debt and Disqualified Stock."

Open Market Purchases

The Issuer or its Affiliates may at any time purchase the notes in the open market or otherwise at any price.

Certain Covenants

The Indenture contains covenants that impose limitations and restrictions on the Issuer and also sets forth covenants that will be applicable to the Guarantor and its Subsidiaries, including, among others, the following:

Limitations and Restrictions on the Issuer

The Indenture limits and restricts the Issuer from taking the following actions or engaging in the following activities or transactions:

(a) engaging in any business except for:

(1) the issuance, sale, redemption, repurchase or defeasance of the notes, additional notes and any other Debt not otherwise prohibited for the Issuer by the Indenture and any activities incidentally related thereto;

(2) entering into Affiliate loans and cash management transactions, including import and export financing transactions, and any activities reasonably related thereto;

(3) the entering into Hedging Agreements not for speculation; and

(4) as required by law;

(b) creating, assuming, Incurring or suffering to exist any Lien upon any properties or assets whatsoever, except for any liens permitted under "—Limitation on Liens"; and

(c) entering into any consolidation, merger, amalgamation or other form of combination with any Person except for a Substantially Wholly-Owned Restricted Subsidiary that assumes the obligations under the notes and the Indenture (to the extent the Issuer is not the surviving entity).

In addition, the Guarantor will covenant to own, at all times, directly or indirectly, a majority of the Voting Stock of the Issuer.

Furthermore, nothing in the Indenture shall limit or restrict Cosan S.A. Indústria e Comércio or Cosan Luxembourg S.A. from taking any action or entering into any transaction in connection with the Comgás Spin-Off with Substitution, *provided* that neither Cosan S.A. Indústria e Comércio nor Cosan Luxembourg S.A. shall permit or allow the Comgás Spin-Off with Substitution to be consummated on any date other than the Comgás Spin-Off with Substitution Consummation Date.

Limitation on Debt and Disqualified Stock

(a) The Guarantor:

(1) will not, and will not permit any of its Restricted Subsidiaries to, Incur any Debt; and

(2) will not, and will not permit any Restricted Subsidiary to, Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Guarantor or a Restricted Subsidiary, so long as it is so held),

provided that the Guarantor or any of its Restricted Subsidiaries may Incur Debt and Disqualified Stock if, on the date of the Incurrence, after giving effect to the Incurrence and the receipt and the application of the proceeds therefrom, the Net Debt to EBITDA Ratio shall not exceed 3.5.

(b) Notwithstanding the foregoing, the Guarantor, and to the extent provided below, any Restricted Subsidiary may Incur the following ("Permitted Debt"):

(1) Debt of the Guarantor or a Restricted Subsidiary so long as such Debt continues to be owed to the Guarantor or a Restricted Subsidiary and which, if the obligor is the Guarantor, is subordinated in right of payment to the notes; provided that any Debt owed to the Guarantor pursuant to this clause will not be so subordinated;

(2) Debt of the Issuer pursuant to the notes (other than additional notes) and Debt of the Guarantor pursuant to the Note Guarantee (including any additional notes);

(3) Debt of the Guarantor or any Restricted Subsidiary ("Permitted Refinancing Debt") constituting an extension or renewal of, replacement of, or substitution for, or issued in exchange for, or the net proceeds of which are used to repay, redeem, repurchase, refinance or refund, including by way of defeasance (all of the above, for purposes of this clause, "refinance") then outstanding Debt in an amount not to exceed the principal amount of the Debt so refinanced, plus premiums, fees and expenses; *provided* that:

(A) in case the Debt to be refinanced is subordinated in right of payment to the notes, the new Debt, by its terms or by the terms of any agreement or instrument pursuant to which it is outstanding, is expressly made subordinate in right of payment to the notes at least to the extent that the Debt to be refinanced is subordinated to the notes;

(B) the new Debt does not have a Stated Maturity prior to the Stated Maturity of the Debt to be refinanced, and the Average Life of the new Debt is at least equal to the remaining Average Life of the Debt to be refinanced; and

(C) Debt Incurred pursuant to clauses (1), (4), (5), (9), (10), (11), (13), (14), (15), (16) and (17) may not be refinanced pursuant to this clause;

(4) Hedging Agreements of the Guarantor or any Restricted Subsidiary entered into in the ordinary course of business for the purpose of limiting risks associated with the business of the Guarantor and its Restricted Subsidiaries and not for speculation;

(5) Debt of the Guarantor or any Restricted Subsidiary with respect to letters of credit and bankers' acceptances, deposits, promissory notes, self-insurance obligations, performance, customs, bid, surety, appeal or similar bonds, completion guarantees, in each case issued in the ordinary course of business and not supporting Debt, including letters of credit supporting performance, surety or appeal bonds;

(6) Acquired Debt, *provided* that after giving effect to the Incurrence thereof, the Guarantor (i) could Incur at least U.S.$1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in paragraph (a) of this covenant or (ii) would not have a greater Net Debt to EBITDA Ratio then immediately prior to giving effect to the Incurrence of such Acquired Debt;

(7) Debt of the Guarantor or any Restricted Subsidiary outstanding on the Issue Date;

(8) Debt of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Guarantor (other than Debt Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary of, or was otherwise acquired by, the Guarantor); *provided*, *however*, that on the date that such Restricted Subsidiary is acquired by the Guarantor, the Guarantor (i) would have been able to Incur U.S.$1.00 of additional Debt pursuant to paragraph (a) above or (ii) would not have a greater Net Debt to EBITDA Ratio then immediately prior to giving effect to the Incurrence of such Debt;

(9) Debt of the Guarantor or any Restricted Subsidiary arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Guarantor or any Restricted Subsidiary pursuant to such agreements, in any case Incurred in connection with the disposition of any business, assets or Restricted Subsidiary (other than Guarantees of Debt Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition), so long as the amount does not exceed the gross proceeds actually received by the Guarantor or any Restricted Subsidiary thereof in connection with such disposition, provided that such Debt is not reflected on the balance sheet of the Guarantor or any Restricted Subsidiary;

(10) Debt of the Guarantor or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided, however, that such Debt is extinguished within five Business Days of its Incurrence;

(11) Debt of the Guarantor or any Restricted Subsidiary constituting letters of credit issued in the ordinary course of business or reimbursement obligations in respect thereof; provided that, upon the drawing upon such letters of credit, such obligations are reimbursed in full within 30 days following such drawing;

(12) Debt of the Guarantor or any Restricted Subsidiary to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the notes in accordance with the Indenture;

(13) Debt of the Guarantor or any Restricted Subsidiary for taxes levied, assessments due and other governmental charges required to be paid as a matter of law or regulation in the ordinary course of business;

(14) Debt of the Guarantor or any Restricted Subsidiary consisting of (A) the financing of insurance premiums or (B) take-or-pay obligations contained in supply agreements in the ordinary course of business;

(15) Debt with respect to reimbursement type obligations regarding workers' compensation claims and Debt and other obligations in respect of deferred compensation of employees Incurred in the ordinary course of business;

(16) Debt of the Guarantor or any Restricted Subsidiary Incurred in the ordinary course of business for working capital purposes in an aggregate principal amount at any time outstanding (including any refinancing thereof) not to exceed U.S.$50.0 million; and

(17) Debt of the Guarantor or any Restricted Subsidiary Incurred on or after the Issue Date not otherwise permitted in an aggregate principal amount at any time outstanding (including any refinancing thereof) not to exceed the greater of (i) U.S.$750.0 million (at any time prior to the Comgás Spin-Off with Substitution Consummation Date) or U.S.$250.0 million (at any time on or after the Comgás Spin-Off with Substitution Consummation Date) (or the equivalent thereof at the time of the determination) and (ii) 5.0% of the Guarantor's Total Consolidated Assets.

(c) Notwithstanding anything to the contrary in this covenant, the maximum amount of Debt that the Guarantor and its Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Debt, solely as a result of fluctuations in the exchange rate of currencies.

(d) For purposes of determining compliance with this covenant, in the event that any proposed Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (17) of paragraph (b) above, or is entitled to be Incurred pursuant to paragraph (a) above, the Guarantor and its Restricted Subsidiaries will be permitted to classify such item of Debt at the time of its Incurrence in any manner that complies with this covenant or to later reclassify all or a portion of such item of Debt.

(e) the Guarantor may not Incur any Debt that is subordinate in right of payment to other Debt of the Guarantor unless such Debt is also subordinate in right of payment to the notes or the relevant Note Guarantee on substantially identical terms.

(f) The accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Debt of the same instrument or the payment of regularly scheduled dividends on Disqualified Equity Interests in the form of additional Disqualified Equity Interests with the same terms will not be deemed to be an Incurrence of Debt for purposes of this covenant; *provided* that any such outstanding additional Debt or Disqualified Equity Interests paid in respect of Debt Incurred pursuant to any provision of paragraph (b) above will be counted as Debt outstanding for purposes of any future Incurrence of Debt pursuant to paragraph (a) above.

(g) For the purposes of determining the Net Debt to EBITDA Ratio in paragraph (a) above, the U.S. dollar-equivalent principal amount of Debt denominated in a non-U.S. currency or the Brazilian-*reais* equivalent principal amount of Debt denominated in a non-Brazilian currency shall be calculated based on the relevant currency exchange rate determined on the date of Incurrence to the extent the Debt was hedged for foreign exchange rate fluctuations. For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Debt, the U.S. dollar-equivalent principal amount of Debt denominated in a non U.S. currency shall be calculated based on the relevant currency exchange rate determined on the date of Incurrence, in the case of term Debt, or first committed, in the case of revolving credit Debt; provided that if such Debt is Incurred to refinance other Debt denominated in a non U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Debt does not exceed the principal amount of such Debt being refinanced. The principal amount of any Debt Incurred to refinance other Debt, if Incurred in a different currency from the Debt being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Debt is denominated calculated based on the relevant currency exchange rates as calculated in the first sentence of this paragraph.

Limitation on Restricted Payments

(a) The Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments and other actions described in the following clauses being collectively "Restricted Payments"):

- declare or pay any dividend or make any distribution on its Equity Interests (other than dividends or distributions paid in the Guarantor's Qualified Equity Interests) held by Persons other than the Guarantor or any of its Restricted Subsidiaries (and, if such Restricted Subsidiary has shareholders other than the Guarantor or any other Restricted Subsidiary, to its shareholders on a *pro rata* basis);

- purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Guarantor held by Persons other than the Guarantor or any of its Restricted Subsidiaries; or

- repay, redeem, repurchase, defease or otherwise acquire or retire for value, or make any payment on or with respect to, any Subordinated Debt except a payment of interest or principal at Stated Maturity;

unless, at the time of, and after giving effect to, the proposed Restricted Payment:

(1) no Event of Default has occurred and is continuing;

(2) the Guarantor could Incur at least U.S.$1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt and Disqualified Stock;" and

(3) the aggregate amount expended for all Restricted Payments made on or after the Issue Date would not, subject to paragraph (d), exceed the sum of:

(A) 50% of the aggregate amount of the Consolidated Net Income (or, if the Consolidated Net Income is a loss, *minus* 100% of the amount of the loss) accrued on a cumulative basis during the period, taken as one accounting period, beginning on January 1, 2016 and ending on the last day of the Guarantor's most recently completed fiscal quarter for which financial statements have been provided (or if not timely provided, required to be provided) pursuant to the Indenture; *provided*, that the reference to such 50% of the aggregate amount of the Consolidated Net Income shall be increased by either an additional (i) 25% of the aggregate amount of the Consolidated Net Income if at the time of, and after giving effect to, such proposed Restricted Payment, the Guarantor's Net Debt to EBITDA Ratio does not exceed 2.5, but is above 1.5, or (ii) 50% of the aggregate amount of the Consolidated Net Income if at the time of, and after giving effect to, such proposed Restricted Payment, the Guarantor's Net Debt to EBITDA Ratio does not exceed 1.5; *plus*

(B) subject to paragraph (c), the aggregate net cash proceeds received by the Guarantor (other than from a Restricted Subsidiary) after the Issue Date:

(i) from the issuance and sale of its Qualified Equity Interests, including by way of issuance of its Disqualified Equity Interests or Debt to the extent since converted into Qualified Equity Interests of the Guarantor, or

(ii) as a contribution to its common equity, *plus*

(C) the cash return, after the Issue Date and prior to the date of such Restricted Payment, on any Investment in an Unrestricted Subsidiary (or designation thereof) made after the Issue Date pursuant to this paragraph (a), as a result of any sale for cash, repayment, redemption, liquidating distribution or other cash realization (not included in Consolidated Net Income), not to exceed the amount of such Investment so made; *plus*

(D) the amount by which Debt of the Guarantor or any of its Restricted Subsidiaries is reduced on the Guarantor's balance sheet or the balance sheet of such Restricted Subsidiary, in each case, upon the conversion or exchange (including by means of a subscription) (other than by the Company or any of its Restricted Subsidiaries) subsequent to the Issue Date of any such Debt for Equity Interests (other than Disqualified Equity Interests) of the Guarantor (less the amount of any cash or the fair market value of any other property distributed by the Guarantor or any of its Restricted Subsidiaries upon such conversion or exchange).

The amount expended in any Restricted Payment, if other than in cash, will be deemed to be the fair market value of the relevant non-cash assets, as determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a Board Resolution.

(b) The foregoing will not prohibit the declaration and payment of mandatory dividends, in an amount equivalent to not more than 25% of the Guarantor's adjusted Net Income (as defined under Brazilian corporate law) and the Guarantor's bylaws, provided that the payment of such amounts is in compliance with the Brazilian corporate law and the Guarantor's bylaws and that the Guarantor's board of directors, with the approval of the fiscal council, if in existence at such time, has not reported to the general shareholders' meeting that the distribution would not be advisable given the financial condition of the Guarantor or its Restricted Subsidiary. Restricted Payments permitted pursuant to this paragraph (b) will be included in making the calculations under clause (3) of paragraph (a).

(c) The foregoing will not prohibit:

(1) the payment of any dividend after the date of declaration thereof if, at the date of declaration, such payment would comply with paragraph (a);

(2) dividends or distributions by a Restricted Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Guarantor, to all holders of any class of Capital Stock of such Restricted Subsidiary a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Guarantor;

(3) the repayment, redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Debt with the proceeds of, or in exchange for, Permitted Refinancing Debt;

(4) the declaration or payment of dividends or any distribution or the purchase, redemption, acquisition or retirement of any Equity Interests in connection with any corporate reorganization or delisting transaction involving the public shareholders of the Guarantor, *provided* that immediately following such declaration, payment, distribution, purchase, redemption, acquisition or retirement, the Guarantor could Incur at least U.S.$1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt and Disqualified Stock";

(5) the purchase, redemption or other acquisition or retirement for value of Equity Interests of the Guarantor in exchange for, or out of the proceeds of a substantially concurrent offering of, Qualified Equity Interests of the Guarantor or of a cash contribution to the common equity of the Guarantor;

(6) the declaration and payment of any dividend or interest on outstanding capital payable with respect to periods prior to January 1, 2016 up to a maximum amount of R$250.0 million;

(7) the repayment, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Debt of the Guarantor in exchange for, or out of the proceeds of, a substantially concurrent offering of, Qualified Equity Interests of the Guarantor or of a cash contribution to the common equity of the Guarantor;

(8) the purchase, redemption or other acquisition or retirement for value of Equity Interests of the Guarantor in connection with the Guarantor's share repurchases for the repurchase of up to R$250.0 million in shares of the Guarantor's Capital Stock;

(9) the Comgás Spin-Off with Substitution;

(10) any sale, conveyance, transfer, distribution or other disposition of the Capital Stock (and the proceeds thereof) of Comgás (or any entity whose sole assets consist of all or a portion of the assets or business of Comgás) (whether by sale, merger, spin-off, split-off or otherwise) to the shareholders of Cosan S.A. Indústria e Comércio and its other shareholders, other than in connection with the Comgás Spin-Off with Substitution (the "Comgás Spin-Off without Substitution"), *provided* that (i) the Comgás Spin-Off with Substitution has not occurred and (ii) immediately following the Comgás Spin-Off without Substitution, the Guarantor, on a pro forma basis, could Incur at least U.S.$1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt and Disqualified Stock";

(11) any sale, conveyance, transfer, distribution or other disposition of the Capital Stock (and the proceeds thereof) of Cosan Lubrificantes e Especialidades S.A. (or any entity whose sole assets consist of all or a portion of the assets or business of Cosan Lubrificantes e Especialidades S.A.) (whether by sale, merger, spin-off, split-off or otherwise) to the shareholders of Cosan S.A. Indústria e Comércio (the "Lubricant Spin-Off"), *provided* that immediately following the Lubricant Spin-Off, the Guarantor, on a pro forma basis, could Incur at least U.S.$1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt and Disqualified Stock";

(12) any sale, conveyance, transfer, distribution or other disposition of the Capital Stock (and the proceeds thereof) of Radar Propriedades Agrícolas S.A. (or any entity whose sole assets consist of all or a portion of the assets or business of Radar Propriedades Agrícolas S.A.) (whether by sale, merger, spin-off, split-off or otherwise) to the shareholders of Cosan S.A. Indústria e Comércio and its other shareholders (the "Radar Spin-Off"); and

(13) in addition to the foregoing Restricted Payments in clauses (1) through (12), Restricted Payments in an amount not to exceed U.S.$100.0 million (at any time prior to the Comgás Spin-Off with Substitution Consummation Date) or U.S.$75.0 million (at any time on or after the Comgás Spin-Off with Substitution Consummation Date) (or the equivalent thereof at the time of determination);

provided that, in the case of clause (6), no Event of Default has occurred and is continuing or would occur as a result thereof.

(d) Restricted Payments permitted pursuant to only clauses (2), (3), (4), (5), (6), (7), (9), (10), (11), (12) or (13) of paragraph (c) will not be included in making the calculations under clause (3) of paragraph (a).

(e) Not later than the date of making any Restricted Payment relying on clause (3) of paragraph (a), the Issuer will deliver to the trustee an Officers' Certificate stating that the Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant were calculated.

Ranking

Each of the Issuer and the Guarantor will ensure that its respective obligations under the Indenture, the notes and the Note Guarantee will at all times constitute direct and unconditional obligations of the Issuer or the Guarantor, ranking at all times at least *pari passu* in priority of payment, in right of security and in all other respects among themselves and with all other Debt of such Person, except to the extent any such other Debt ranks above such obligations by reason of Liens permitted under the covenant described under "—Limitation on Liens."

Limitation on Liens

The Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien of any nature whatsoever (other than Permitted Liens) on any of its properties or assets, whether owned at the Issue Date or thereafter acquired, in each case securing any Debt, without effectively providing that the notes are secured equally and ratably with (or, if the obligation to be secured by the Lien is subordinated in right of payment to the notes or the Note Guarantee, prior to) the obligations so secured for so long as such obligations are so secured, except that the foregoing provisions shall not apply to Liens which secure only Debt owing by any Restricted Subsidiary to the Guarantor and/or by the Guarantor to one or more Restricted Subsidiaries.

Limitation on Sale and Leaseback Transactions

The Guarantor will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any Property unless the Guarantor or such Restricted Subsidiary would be entitled to:

(A) Incur Debt in an amount equal to the Attributable Debt with respect to such Sale and Leaseback Transaction pursuant to the covenant described under the heading "—Limitation on Debt and Disqualified Stock," and

(B) create a Lien on such Property or asset securing such Attributable Debt without equally and ratably securing the notes pursuant to the covenant described under the heading "—Limitation on Liens,"

in which case, the corresponding Debt and Lien will be deemed Incurred pursuant to those provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b), the Guarantor will not, and will not permit any of its Restricted Subsidiaries to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on any Equity Interests of the Restricted Subsidiary owned by the Guarantor or any other Restricted Subsidiary;

(2) pay any Debt or other obligation owed to the Guarantor or any other Restricted Subsidiary;

(3) make loans or advances to the Guarantor or any other Restricted Subsidiary; or

(4) transfer any of its property or assets to the Guarantor or any other Restricted Subsidiary.

(b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions:

(1) existing on the Issue Date as provided for in the Indenture or any other agreements in effect on the Issue Date, and any extensions, renewals, replacements or refinancings of any of the foregoing; *provided* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(2) existing under or by reason of applicable law;

(3) existing with respect to any Person, or to the Property of any Person, at the time such Person or the Property is acquired by the Guarantor or any Restricted Subsidiary, which encumbrances or restrictions: (i) are not applicable to any other Person or the Property of any other Person; and (ii) were not put in place in anticipation of such event, and any extensions, renewals, replacements or refinancings of any of the foregoing; *provided* the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(4) of the type described in clause (a)(4) arising or agreed to in the ordinary course of business (i) that restrict in a customary manner the subletting, assignment or transfer of any Property that is subject to a lease or license or (ii) by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any Property of, the Guarantor or any Restricted Subsidiary;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or Property of, the Restricted Subsidiary that is permitted by the covenant described under the heading "—Limitation on Asset Sales";

(6) with respect to a Restricted Subsidiary and imposed by any agreement governing Debt of any Restricted Subsidiary that is permitted to be Incurred by the covenant described under "—Limitation on Debt and Disqualified Stock"; provided that the encumbrance or restriction is customary in comparable transactions and will not materially affect the Issuer's or the Guarantor's ability to pay interest or principal, when due, on the notes;

(7) with respect to a Restricted Subsidiary and imposed pursuant to a customary provision in a joint venture, asset sale, or stock sale agreements or other similar agreement with respect to such Restricted Subsidiary that was entered into in the ordinary course of business;

(8) imposed by the standard loan documentation in connection with loans from (a) Banco Nacional de Desenvolvimento Econômico e Social–BNDES, or any other Brazilian governmental development bank or credit agency, (b) any international or multilateral development bank or government-sponsored agency, government-sponsored agency or (c) the Brazilian Cooperative Organization (*Organização das Cooperativas Brasileiras* – OCB) in each case to any Restricted Subsidiary;

(9) with respect to a Restricted Subsidiary pursuant to an agreement effecting a refunding, replacement or refinancing of, or amendment or modification to, an agreement referred to in clauses (1) or (3) above (or Debt Incurred pursuant to such agreement) or this clause (9), *provided, however*, that such encumbrances or restrictions are no less favorable, in any material respect, taken as a whole, to the noteholders than the encumbrances and restrictions contained in such agreements referred to in clauses (1) and (3) above on the Issue Date or the date of acquisition of such Person, property or assets, as applicable; or

(10) required pursuant to the Indenture.

Repurchase of Notes upon a Change of Control

Not later than 30 days following a Change of Control that results in a Rating Decline, the Issuer shall make an Offer to Purchase all outstanding notes at a purchase price equal to 101% of the principal amount plus accrued interest to the date of purchase.

An "Offer to Purchase" must be made by written offer, which will specify the principal amount of notes subject to the offer and the purchase price. The offer must specify an expiration date (the "expiration date") not less than 30 days or more than 60 days after the date of the offer and a settlement date for purchase (the "purchase date") not more than five Business Days after the expiration date. The offer must include information concerning the business of the Guarantor and its Restricted Subsidiaries which the Issuer in good faith believes will enable the holders to make an informed decision with respect to the Offer to Purchase. The offer will also contain instructions and materials necessary to enable holders to tender notes pursuant to the offer.

A holder may tender all or any portion of its notes pursuant to an Offer to Purchase, subject to the minimum denomination requirement and the requirement that any portion of a note tendered must be in a multiple of U.S.$1,000 principal amount. Holders are entitled to withdraw notes tendered up to the close of business on the expiration date. On the purchase date, the purchase price will become due and payable on each note accepted for

purchase pursuant to the Offer to Purchase, and interest on notes purchased will cease to accrue on and after the purchase date, unless payment of the purchase price is not made (and the purchase does not take place) on that date.

The Issuer will comply with Rule 14e-1 under the Exchange Act (to the extent applicable) and all other applicable laws in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

The Issuer will agree in the Indenture to obtain all necessary consents and regulatory approvals under the laws of the Grand Duchy of Luxembourg and Brazil prior to making any Offer to Purchase. Any failure to obtain such consents and approvals will constitute an Event of Default.

In the event that the holders of not less than 90% of the aggregate principal amount of the outstanding notes accept an Offer to Purchase and the Issuer or a third party purchases all the notes held by such holders, the Issuer will have the right, on not less than 30 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Offer to Purchase described above, to redeem all of the notes that remain outstanding following such purchase at the purchase price equal to that in the Offer to Purchase plus, to the extent not included in the Offer to Purchase payment, accrued and unpaid interest and additional amounts, if any, on the notes that remain outstanding, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Future debt of the Issuer may provide that a Change of Control is a default or require repurchase upon a Change of Control. Moreover, the exercise by the noteholders of their right to require the Issuer to purchase the notes could cause a default under other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. In addition, any remittance of funds outside of Brazil to noteholders or the trustee may require the consent of the Central Bank of Brazil, which may not be granted. The Issuer's ability to pay cash to the noteholders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the notes. See "Risk Factors—Risks Relating to the Notes and the Guarantee— The Issuer may not have the ability to raise the funds necessary to finance any change of control offer required by the Indenture governing the notes."

The phrase "all or substantially all," as used with respect to the assets of the Issuer in the definition of "Change of Control," is subject to interpretation under applicable state law, and its applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Issuer has occurred in a particular instance, in which case a holder's ability to obtain the benefit of these provisions could be unclear.

In addition, pursuant to the terms of the Indenture, the Issuer is only required to offer to repurchase the notes in the event that a Change of Control results in a Rating Decline. Consequently, if a Change of Control were to occur which does not result in a Rating Decline, the Issuer would not be required to offer to repurchase the notes.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holder of the notes to require that the Issuer purchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or amended as described in "—Amendments and Waivers."

Limitation on Asset Sales

The Guarantor will not, and will not permit any Restricted Subsidiary to, make any Asset Sale unless the following conditions are met:

(1) The Asset Sale is for fair market value, as determined in good faith by the Board of Directors.

(2) At least 75% of the consideration consists of cash or Cash Equivalents. (For purposes of this clause (2), the assumption by the purchasers of Debt or other obligations (other than Subordinated Debt) of the Guarantor or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received from the

purchasers that are promptly, but in any event within 90 days of the closing, converted by the Guarantor to cash, to the extent of the cash actually so received, shall be considered cash received at closing.)

(3) Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Net Cash Proceeds may be used (each, a "Permitted Reinvestment"):

(A) to permanently repay Debt other than Subordinated Debt of the Guarantor or any Restricted Subsidiary (and in the case of a revolving credit, permanently reduce the commitment thereunder by such amount), in each case owing to a Person other than the Guarantor or any Restricted Subsidiary,

(B) to acquire or invest in (or within such 360-day period in this clause (3), the Guarantor's board of directors shall have made a good faith determination to acquire or invest, which acquisition or investment shall be consummated prior to the second anniversary of such Asset Sale) (i) all or substantially all of the assets of a Permitted Business, (ii) a majority of the Voting Stock of another Person that thereupon becomes a Restricted Subsidiary engaged in a Permitted Business, or to make capital expenditures or otherwise acquire long-term assets that are to be used in a Permitted Business or (iii) a Permitted Business Investment; or

(C) to acquire Productive Assets for the Guarantor or any of its Restricted Subsidiaries;

provided that pending the final application of any such Net Cash Proceeds in accordance with this clause (3), the Company or such Restricted Subsidiary may temporarily reduce Debt or otherwise invest such Net Cash Proceeds in any manner not prohibited by the Indenture.

(4) Notwithstanding clauses (1) to (3) above, the Guarantor and its Restricted Subsidiaries will be permitted to consummate an Asset Sale without complying with such clauses to the extent:

(A) at least 75% of the consideration for such Asset Sale constitutes Productive Assets, cash, Cash Equivalents and/or Marketable Securities; and

(B) the Asset Sale is for fair market value, as determined in good faith by the Board of Directors;

provided that any consideration not constituting Productive Assets received by the Guarantor or any Restricted Subsidiary in connection with any Asset Sale permitted to be consummated under this clause shall be applied (in the case of cash, Cash Equivalents and Marketable Securities within 360 days after the receipt thereof) in accordance with the provisions of clause (3) above.

(5) The Net Cash Proceeds of an Asset Sale not applied pursuant to clause (3) within 360 days of the Asset Sale constitute "Excess Proceeds." Excess Proceeds of less than U.S.$50.0 million (or the equivalent thereof at the time of determination) will be carried forward and accumulated. When accumulated Excess Proceeds equals or exceeds such amount, the Guarantor must, within 30 days, make an Offer to Purchase notes having a principal amount equal to:

(A) accumulated Excess Proceeds, multiplied by

(B) a fraction (x) the numerator of which is equal to the outstanding principal amount of the notes and (y) the denominator of which is equal to the outstanding principal amount of the notes and all *pari passu* Debt similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest U.S.$1,000. The purchase price for the notes will be 100% of the principal amount plus accrued interest to the date of purchase. If the Offer to Purchase is for less than all of the outstanding notes and notes in an aggregate principal amount in excess of the purchase amount are tendered and not withdrawn pursuant to the offer, the Guarantor will purchase notes having an aggregate principal amount equal to the purchase amount on a *pro rata* basis, with adjustments so that only notes in multiples of U.S.$1,000 principal amount will be purchased, provided that after a purchase from a holder in part, such holder shall hold U.S.$200,000 in principal amount of notes or a multiple of U.S.$1,000 in excess thereof. The Guarantor will agree in the Indenture to obtain all necessary consents and approvals from the Central Bank of Brazil for the remittance of funds outside Brazil prior to making any Offer to Purchase. Any failure to obtain such consents and approvals will constitute an Event of Default. Upon completion of the Offer to Purchase, Excess Proceeds will be reset at zero.

Limitation on Transactions with Shareholders and Affiliates

(a) The Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement including the purchase, sale, lease or exchange of property or assets, or the rendering of any service with (x) any of its shareholders holding 10% or more of any class of Capital Stock of the Guarantor or (y) any Affiliate of the Guarantor or any Restricted Subsidiary (a "Related Party Transaction"), except upon terms no less favorable to the Guarantor or the Restricted Subsidiary than could be obtained in a comparable arm's length transaction with a Person that is not an Affiliate of the Guarantor.

(b) In any Related Party Transaction or series of Related Party Transactions with an aggregate value in excess of U.S.$20.0 million (or the equivalent thereof at the time of determination), the Guarantor must first deliver to the trustee a certificate from the Guarantor's Chief Financial Officer or Chief Executive Officer to the effect that such transaction or series of related transactions are on terms no less favorable to the Guarantor or such Restricted Subsidiary than could be obtained in a comparable arm's length transaction and is otherwise compliant with the terms of the Indenture.

(c) The foregoing paragraphs do not apply to:

(1) any transaction between the Guarantor and any Restricted Subsidiary or between Restricted Subsidiaries and the Guarantor (in each case, including, at any time prior to the Comgás Spin-Off with Substitution Consummation Date, Radar Propriedades Agrícolas S.A. and its Subsidiaries (only to the extent the results of operations of such entity is consolidated by the Guarantor));

(2) the payment of reasonable and customary regular fees to directors of the Guarantor who are not employees of the Guarantor;

(3) any Restricted Payments of a type described in one of the first two bullet points in paragraph (a) under the caption "—Limitation on Restricted Payments" if permitted by that covenant;

(4) any issuance or sale of Equity Interests (other than Disqualified Stock);

(5) transactions or payments pursuant to any employee, officer or director compensation or benefit plans, customary indemnifications or arrangements entered into in the ordinary course of business;

(6) transactions pursuant to agreements in effect on the Issue Date and described in this offering memorandum, as amended, modified or replaced from time to time so long as the amended, modified or new agreements, taken as a whole, are no less favorable to the Guarantor and its Restricted Subsidiaries than those in effect on the date of the Indenture;

(7) any Sale Leaseback Transaction otherwise permitted under the caption "—Limitation on Sale and Leaseback Transactions" if such transaction is on market terms;

(8) any advance, loan or other extension of credit (or guarantee thereof) in connection with the use of the proceeds of the notes (including any additional notes) as well as additional loans outstanding from the Guarantor or any of its Restricted Subsidiaries to an Affiliate to the extent that any such advance, loan or other extension of credit (i) has a Stated Maturity that is prior to the Stated Maturity of the notes and (ii) is on market terms;

(9) (A) transactions with customers, clients, distributors, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and on market terms, or (B) transactions with joint ventures or other similar arrangements entered into in the ordinary course of business, on market terms and consistent with past practice or industry norms;

(10) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, the Joint Venture and any transactions or provision of services related thereto;

(11) the provision of administrative services to any joint venture or Unrestricted Subsidiary on substantially the same terms provided to or by Restricted Subsidiaries;

(12) the Comgás Spin-Off with Substitution;

(13) the Comgás Spin-Off without Substitution;

(14) the Lubricant Spin-Off; and

(15) the Radar Spin-Off.

Reporting Requirements

(a) The Guarantor will provide the trustee with the following reports (and will also provide the trustee with sufficient copies, as required, of the following reports referred to in clauses (1), (2) and (4) below for distribution, at the expense of the Guarantor, to all holders of notes):

(1) an English language version of its annual audited consolidated financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 120 days after the close of its fiscal year;

(2) an English language version of its unaudited quarterly financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year);

(3) simultaneously with the delivery of the financial statements referred to in clause (1) above, an Officers' Certificate stating whether a Default or Event of Default exists on the date of such certificate and, if a Default or Event of Default exists, setting forth the details thereof and the action which the Guarantor is taking or proposes to take with respect thereto;

(4) without duplication, English language versions or summaries of such other reports or notices as may be filed or submitted by (and promptly after filing or submission by) the Guarantor with the Luxembourg Stock Exchange or any other stock exchange on which the notes may be listed (in each case, to the extent that any such report or notice is generally available to its security holders or the public in Brazil);

(5) as soon as practicable and in any event within 30 calendar days after any director or executive officer of the Issuer or the Guarantor becomes aware of the existence of a Default or Event of Default, an Officers' Certificate setting forth the details thereof and the action which the Guarantor is taking or proposes to take with respect thereto; and

(6) an English language version of the Pro Forma Spin-Off Financial Statements on or before the Comgás Spin-Off with Substitution Consummation Date to be accompanied by a certification or report from the independent auditors of the Guarantor as to the calculation of the Net Debt to EBITDA Ratio referred to in the definition of Comgás Spin-Off with Substitution.

If the Guarantor makes available the reports described in clauses (1) or (2) or (4) on the Guarantor's website and notifies the trustee in writing thereof, it will be deemed to have satisfied the reporting requirement set forth in such applicable clause.

Delivery of the above reports to the trustee is for informational purposes only and the trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or any the Guarantor's compliance with any of its covenants in the Indenture (as to which the trustee is entitled to rely exclusively on Officers' Certificates), provided that the trustee shall have no obligation whatsoever to determine whether such information, documents or reports have been so made available.

(b) For so long as the notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Guarantor will furnish to any noteholder, or to any prospective purchasers designated by such holder of notes, financial and other information described in paragraph (d)(4) of Rule 144A with respect to the Issuer and the Guarantor.

Consolidation, Merger or Transfer of Assets

The Indenture further provides as follows regarding consolidation, merger or transfer of all or substantially all of the assets of the Guarantor:

(a) The Guarantor will not consolidate with or merge with or into, or sell, convey, transfer, or otherwise dispose of or lease all or substantially all of its assets in one transaction or a series of related transactions, to any person unless:

(1) either: (x) the Guarantor is the continuing Person; or (y) the resulting, surviving or transferee Person is a corporation organized and validly existing under the laws of the Federative Republic of Brazil or any political subdivision thereof, the United States of America, any State thereof or the District of Columbia, or any other country that is a member country of the European Union or of the Organization for Economic Co-operation and Development on the date of the Indenture and expressly assumes by supplemental indenture all of the obligations of the Guarantor under the Indenture and the Note Guarantee;

(2) immediately after giving effect to the transaction, no Event of Default has occurred and is continuing;

(3) immediately after giving effect to the transaction on a *pro forma* basis, the Guarantor or the resulting surviving or transferee Person (i) could Incur at least U.S.$1.00 of Debt under the covenant described in the first paragraph under the caption "—Limitation on Debt and Disqualified Stock" or (ii) would not have a greater Net Debt to EBITDA Ratio set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt and Disqualified Stock" than immediately prior to giving effect to the transaction; and

(4) the Guarantor, or the surviving entity, as the case may be, delivers to the trustee an Officers' Certificate and an opinion of counsel, each stating that the consolidation, merger or transfer and the supplemental indenture (if any) comply with the Indenture,

provided, that clause (2) and (3) shall not apply to the consolidation or merger of the Guarantor with or into a Substantially Wholly-Owned Restricted Subsidiary or the consolidation or merger of a Substantially Wholly-Owned Restricted Subsidiary with or into the Guarantor, and provided, further, that, for the avoidance of doubt, for the purposes of this paragraph (a), each of the Comgás Spin-Off with Substitution on the Comgás Spin-Off with Substitution Consummation Date, the Comgás Spin-Off without Substitution, the Lubricant Spin-Off and the Radar Spin-Off shall be deemed not to constitute the Guarantor consolidating with, merging with or into, selling, conveying, transferring, or otherwise disposing of all or substantially all of the assets of the Guarantor.

(b) The Guarantor shall not lease all or substantially all of its assets, whether in one transaction or a series of transactions, to one or more other Persons, except to the extent permitted under "—Limitation on Sale and Leaseback Transactions."

Notwithstanding the foregoing, at any time prior to the Comgás Spin-Off with Substitution Consummation Date, this covenant will not apply to any sale, conveyance, transfer, or disposition resulting from the exercise of any put or call options (an "Option Exercise") by the Guarantor, Shell or any other party to the definitive agreements to the Joint Venture if either (i) such Option Exercise does not result in a Rating Decline or (ii) within 360 days after the receipt of any Net Cash Proceeds from such Option Exercise, the Guarantor or any Subsidiary of the Guarantor uses the Net Cash Proceeds for a Permitted Reinvestment.

Other Covenants

In addition, the Indenture will (subject to exceptions, qualifications and materiality thresholds, where appropriate) contain covenants regarding the performance of the Issuer's and the Guarantor's obligations under the notes, maintenance of corporate existence, maintenance of properties, compliance with applicable laws, payment of taxes and other claims, maintenance of books and records and further actions.

Covenant Suspension

From any date (the "Suspension Date") and during any time that:

(a) the notes have an Investment Grade rating from any two Rating Agencies, and

(b) no Event of Default has occurred and is continuing, the Guarantor and its Restricted Subsidiaries will not be subject to the following provisions of the Indenture:

"—Limitation on Debt and Disqualified Stock;"

"—Limitation on Restricted Payments;"

"—Limitation on Sale and Leaseback Transactions;"

"—Limitation on Asset Sales;"

"—Limitation on Transactions with Shareholders and Affiliates;" and

"—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries,"

(collectively, the "Suspended Covenants").

In the event that the Guarantor and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date"), the notes cease to have an Investment Grade Rating from any two Rating Agencies, then the Guarantor and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the Suspension Date and the Reversion Date is referred to as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Event of Default will be deemed to have occurred as a result of a failure to comply with any of the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Debt Incurred during the Suspension Period will be classified to have been Incurred pursuant to paragraph (a) of "—Limitation on Debt and Disqualified Stock" or one of the clauses set forth in paragraphs (1) through (17) of paragraph (b) of "—Limitation on Debt and Disqualified Stock" (to the extent such Debt would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to the Debt Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Debt would not be permitted to be Incurred pursuant to "—Limitation on Debt and Disqualified Stock," such Debt will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (7) of paragraph (b) of "—Limitation on Debt and Disqualified Stock." The Issuer or the Guarantor will give the trustee prompt written notification upon the occurrence of a covenant suspension or any Reversion Date.

Default and Remedies

Events of Default

An "Event of Default" occurs if:

(1) The Issuer defaults in the payment of the principal or any related Additional Amounts, if any, of any note when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise (other than pursuant to an Offer to Purchase);

(2) The Issuer defaults in the payment of interest or any related Additional Amounts, if any, on any note when the same becomes due and payable, and the default continues for a period of 30 days;

(3) The Issuer fails to make an Offer to Purchase and thereafter to accept and pay for notes tendered when and as required pursuant to the covenants described under the captions "—Certain Covenants—Repurchase of Notes Upon a Change of Control" or "—Certain Covenants —Limitation on Asset Sales;"

(4) The Issuer or the Guarantor, as the case may be, defaults in the performance of or breaches, or fails to cause or any of their Significant Subsidiaries to not default in the performance of or breach, any other of their covenants or agreements in the Indenture or under the notes (other than those referred to in (1), (2) and (3) above and the default or breach continues for a period of 60 consecutive days after written notice to the Issuer and or the Guarantor, as the case may be, by the trustee or to the Issuer, the Guarantor and the trustee by the holders of 25% or more in aggregate principal amount of the notes;

(5) there occurs with respect to any Debt of (a) the Guarantor, (b) any of the Guarantor's Significant Subsidiaries, or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity, such Debt having an outstanding principal amount of U.S.$75.0 million (at any time prior to the Comgás Spin-Off with Substitution Consummation Date) or U.S.$50.0 million (at any time on or after the Comgás Spin-Off with Substitution Consummation Date) (or the equivalent thereof at the time of determination) or more in the aggregate for all such Debt of all such Persons (i) an event of default that results in such Debt being due and payable prior to its scheduled maturity or (ii) failure to make a principal payment when due and such defaulted payment is not made, waived or extended within the applicable grace period;

(6) one or more final and non-appealable judgments or orders for the payment of money are rendered against (a) the Issuer, (b) the Guarantor, (c) any of the Guarantor's Significant Subsidiaries, or (d) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity, and are not paid or discharged, and either (i) an enforcement proceeding has been commenced by any creditor upon such judgment or order and is not dismissed within 30 days following commencement of such enforcement proceedings or (ii) there is a period of 60 consecutive days following entry of the final and non-appealable judgment or order during which such judgment or order is not discharged, waived or the execution thereof stayed, in either case that causes the aggregate amount for all such final and non-appealable judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.$75.0 million (at any time prior to the Comgás Spin-Off with Substitution Consummation Date) or U.S.$50.0 million (at any time on or after the Comgás Spin-Off with Substitution Consummation Date) (or the equivalent thereof at the time of determination) in excess of amounts which the Guarantor's insurance carriers have agreed to pay under applicable policies or ExxonMobil or its Affiliates have agreed to pay under applicable indemnification agreements;

(7) an involuntary case or other proceeding is commenced against (a) the Guarantor, (b) any of the Guarantor's Significant Subsidiaries, or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity, with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, *administrador judicial*, liquidator, custodian or other similar official of it or any substantial part of its Property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or a final order for relief is entered against (a) the Guarantor, (b) any of its Significant Subsidiaries, or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity, under relevant bankruptcy laws as now or hereafter in effect and such order is not being contested by the Guarantor or such Significant Subsidiary, such Raízen Significant Entity or such Radar Significant Entity, as the case may be, in good faith or has not been dismissed, discharged or otherwise stayed, in each case within 60 days of being made;

(8) (a) the Guarantor, (b) any of the Guarantor's Significant Subsidiaries, or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, *recuperação judicial ou extrajudicial* or other relief with respect to itself or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, administrador judicial, liquidator, assignee, custodian, trustee, sequestrator or similar official of (a) the Guarantor, (b) any of the Guarantor's Significant Subsidiaries or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity or for all or substantially all of the Property of (a) the Guarantor, (b) any of the Guarantor's Significant Subsidiaries, or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity or (iii) effects any general assignment for the benefit of creditors (an event of default specified in clause (6) or (7) a "bankruptcy default");

(9) the Note Guarantee ceases to be in full force and effect, other than in accordance with the terms of the Indenture (including other than in connection with the replacement and substitution of the Guarantor on the Comgás Spin-Off with Substitution Consummation Date), or the Guarantor denies or disaffirms its obligations under the Note Guarantee;

(10) any event occurs that under the laws of the Grand Duchy of Luxembourg or Brazil or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of clause (6) or (7); or

(11) all or substantially all of the undertaking, assets and revenues of (a) the Guarantor, (b) any of the Guarantor's Significant Subsidiaries, or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity, is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or (a) the Guarantor, (b) any of the Guarantor's Significant Subsidiaries, or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity is prevented by any such Person from exercising normal control over all or substantially all of the undertaking, assets and revenues of (a) the Guarantor, (b) any of the Guarantor's Significant Subsidiaries, or (c) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Raízen Significant Entity or any Radar Significant Entity.

Consequences of an Event of Default

If an Event of Default, other than a bankruptcy default with respect to the Issuer or the Guarantor, occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding, by written notice to the Issuer and to the Guarantor (and to the trustee if the notice is given by the holders), may, and the trustee at the request of such holders shall, declare the unpaid principal of and accrued interest on the notes to be immediately due and payable. Upon a declaration of acceleration, such principal and interest will become immediately due and payable. If a bankruptcy default occurs, the unpaid principal of and accrued interest on the notes then outstanding will become immediately due and payable without any declaration or other act on the part of the trustee or any holder. In this case, the Guarantor will be required, and will agree in the Indenture, to duly comply with any and all then-applicable Central Bank regulations for remittance of funds outside of Brazil.

The holders of a majority in principal amount of the outstanding notes by written notice to the Issuer, the Guarantor and to the trustee may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the notes that have become due solely by the declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Except as otherwise provided in "—Consequences of an Event of Default" or "—Amendments and Waivers—Amendments with Consent of Holders," the holders of a majority in principal amount of the outstanding notes may, by written notice to the trustee, waive an existing Default and its consequences. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The holders of a majority in principal amount of the outstanding notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee. However, the trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of notes not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from holders of notes.

A holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the notes, unless:

(1) the holder has previously given to the trustee written notice of a continuing Event of Default;

(2) holders of at least 25% in aggregate principal amount of outstanding notes have made written request to the trustee to institute proceedings in respect of the Event of Default in its own name as trustee under the Indenture;

(3) holders have offered to the trustee indemnity or security satisfactory to the trustee against any costs, liabilities or expenses to be Incurred in compliance with such request;

(4) the trustee within 60 days after its receipt of such notice, request and offer of indemnity or security has failed to institute any such proceeding; and

(5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding notes have not given the trustee a direction that is inconsistent with such written request.

Notwithstanding anything to the contrary, the right of a holder of a note to receive payment of principal of or interest on its note on or after the Stated Maturity thereof, or to bring suit for the enforcement of any such payment on or after such dates, may not be impaired or affected without the consent of that holder.

If any Event of Default occurs and is continuing and is actually known to a responsible officer of the trustee, the trustee will send notice of the Event of Default to each holder within 90 days after it occurs or 15 days after the trustee gains knowledge of such Event of Default, whichever is later, unless the Event of Default has been cured; *provided* that, except in the case of a default in the payment of the principal of or interest on any note, the trustee may withhold the notice if and so long as a committee of the trustee in good faith determines that withholding the notice is in the interest of the holders.

No Liability of Directors, Officers, Employees, Incorporators, Members and Stockholders

No director, officer, employee, incorporator, member or stockholder of the Issuer or the Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantor under the notes, the Note Guarantee or the Indenture or for any claim based on, in respect of, or by reason of, such obligations. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. This waiver may not be effective to waive liabilities under U.S. securities laws and it is the view of the U.S. Securities and Exchange Commission that such a waiver is against public policy.

Amendments and Waivers

Amendments Without Consent of Holders. The Issuer, the Guarantor and the trustee may amend or supplement the Indenture or the notes without notice to or the consent of any noteholder:

(1) to cure any ambiguity, defect or inconsistency in the Indenture or the notes;

(2) to comply with the covenant described under the caption "—Consolidation, Merger or Transfer of Assets";

(3) to evidence and provide for the acceptance of an appointment by a successor trustee;

(4) to provide for uncertificated notes in addition to or in place of certificated notes;

(5) to provide for any guarantee of the notes, to secure the notes or to confirm and evidence the release, termination or discharge of any guarantee of or Lien securing the notes when such release, termination or discharge is permitted by the Indenture;

(6) to provide for or confirm the issuance of additional notes;

(7) to make any other change that does not materially adversely affect the rights of any holder or to conform the Indenture to this "Description of Notes" as set forth in an Officers' Certificate; or

(8) to provide for the substitution of the Issuer and Guarantor in connection with the Comgás Spin-Off with Substitution.

Amendments With Consent of Holders. (a) Except as otherwise provided in "—Default and Remedies—Consequences of an Event of Default" or paragraph (b), the Issuer, the Guarantor and the trustee may amend the Indenture and the notes with the written consent of the holders of a majority in principal amount of the outstanding notes and the holders of a majority in principal amount of the outstanding notes may waive future compliance by the Issuer or the Guarantor with any provision of the Indenture or the notes.

(b) Notwithstanding the provisions of paragraph (a), without the consent of each holder affected, an amendment or waiver may not:

(1) reduce the principal amount of or change the Stated Maturity of any installment of principal of any note;

(2) reduce the rate of or change the Stated Maturity of any interest payment on any note;

(3) reduce the amount payable upon the redemption of any note in respect of an optional redemption, the times at which any note may be redeemed or, once notice of redemption has been given, the time at which it must thereupon be redeemed;

(4) after the time an Offer to Purchase is required to have been made, reduce the purchase amount or purchase price, or extend the latest expiration date or purchase date thereunder;

(5) make any note payable in currency other than that stated in the note or at a place of payment other than that stated in the note;

(6) impair the contractual right of any holder of notes to receive any principal payment or interest payment on such holder's notes, on or after the Stated Maturity thereof, or to institute suit for the enforcement of any such payment;

(7) make any change in the percentage of the principal amount of the notes required for amendments or waivers;

(8) modify or change any provision of the Indenture affecting the ranking of the notes or the Note Guarantee in a manner adverse to the noteholders; or

(9) make any change in the Note Guarantee that would materially and adversely affect the holders of notes.

It is not necessary for noteholders to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

The Luxembourg Stock Exchange will be notified of any amendment regardless of whether noteholders' approval is required.

Neither the Guarantor nor any of its Restricted Subsidiaries or Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the notes unless such consideration is offered to be paid or agreed to be paid to all noteholders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to the consent, waiver or amendment.

Defeasance and Discharge

The Issuer may discharge its obligations under the notes and the Indenture by irrevocably depositing in trust with the trustee U.S. dollars or U.S. Government Obligations sufficient to pay principal of and interest on the notes to maturity or redemption, subject to meeting certain other conditions.

The Issuer may also elect to:

(1) discharge most of its obligations in respect of the notes and the Indenture, not including obligations related to the defeasance trust or to the replacement of notes or its obligations to the trustee ("legal defeasance"); or

(2) discharge its obligations under most of the covenants and under clauses (2) and (3) of the covenant described under the caption "—Consolidation, Merger and Sale of Assets" (and the failure to comply with such obligations shall not constitute an Event of Default) ("covenant defeasance") by irrevocably depositing in trust with the trustee U.S. dollars or U.S. Government Obligations sufficient, in the opinion of an independent public accounting firm (which opinion shall be given to the trustee) to pay principal of and interest on the notes to maturity or redemption and by meeting certain other conditions, including delivery to the trustee of either a ruling received from the Internal Revenue Service or an opinion of counsel to the effect that the beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would otherwise have been the case. In the case of legal defeasance or discharge, such opinion should state that it is based on a change of law after the date of the Indenture or a ruling addressed to the Issuer. In addition, the Issuer must deliver to the trustee an opinion of counsel in each of the Grand Duchy of Luxembourg, the Federative Republic of Brazil, any other jurisdiction in which the Issuer or the Guarantor is organized or is resident for tax purposes, and any other

jurisdiction in which the Issuer or the Guarantor is conducting business in a manner which causes the noteholders to be liable for taxes on payments under the notes for which they would not have been so liable but for such conduct of business in such other jurisdiction, to the effect that holders of the applicable notes will not recognize income, gain or loss in the relevant jurisdiction (as applicable) as a result of such deposit and defeasance and will be subject to taxes in the relevant jurisdiction (including withholding taxes) (as applicable) on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. The defeasance would in each case be effective when 123 days have passed since the date of the deposit in trust.

In the case of either discharge or defeasance, the Note Guarantee will terminate.

Concerning the Trustee

Deutsche Bank Trust Company Americas is the trustee under the Indenture, with an office at 60 Wall Street, New York, New York 10005.

Except during the continuance of an Event of Default, the trustee need perform only those duties that are specifically set forth in the Indenture and no others, and no implied covenants or obligations will be read into the Indenture against the trustee. In case an Event of Default has occurred and is continuing, the trustee shall exercise those rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. No provision of the Indenture will require the trustee to expend or risk its own funds or otherwise Incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity or security satisfactory to it against any loss, liability or expense.

The holders may have access to the Indenture and other agreements related at the office of the trustee as mentioned above.

Replacement of Trustee

The trustee may resign at any time by written notice to the Issuer and the Guarantor.

The holders of a majority in principal amount of the outstanding notes may remove the trustee by written notice to the trustee.

If the trustee is no longer eligible pursuant to the Trust Indenture Act, any holder may petition any court of competent jurisdiction for the removal of the trustee and the appointment of a successor trustee.

The Issuer shall remove the trustee if: (i) the trustee is no longer eligible pursuant to the Trust Indenture Act; (ii) the trustee is adjudged a bankrupt or an insolvent; (iii) a receiver or other public officer takes charge of the trustee or its property; or (iv) the trustee becomes incapable of acting. In addition, the Issuer may remove the trustee at any time for any reason to the extent the Issuer has given the trustee at least 30 days' written notice and as long as no Default or Event of Default has occurred and is continuing.

A resignation or removal of the trustee and appointment of a successor trustee will become effective only upon the successor trustee's acceptance of appointment as provided in this Section.

If the trustee has been removed by the holders, holders of a majority in principal amount of the notes may appoint a successor trustee with the consent of the Issuer. Otherwise, if the trustee resigns or is removed, or if a vacancy exists in the office of trustee for any reason, the Issuer will promptly appoint a successor trustee. If the successor trustee does not deliver its written acceptance within 60 days after the retiring trustee resigns or is removed, the retiring trustee, the Issuer or the holders of a majority in principal amount of the outstanding notes may at the cost of the Issuer petition any court of competent jurisdiction for the appointment of a successor trustee.

Upon delivery by the successor trustee of a written acceptance of its appointment to the retiring trustee and to the Issuer, (i) the retiring trustee will, upon payment of all amounts owed to it under the Indenture, transfer all property held by it as trustee to the successor trustee, (ii) the resignation or removal of the retiring trustee will become effective, and (iii) the successor trustee will have all the rights, powers and duties of the trustee under the Indenture. Upon request of any successor trustee, the Issuer will execute any and all instruments for fully vesting in and confirming to the successor trustee all such rights, powers and trusts. The Issuer will give notice of any

resignation and any removal of the trustee and each appointment of a successor trustee to all holders, and include in the notice the name of the successor trustee and the address of its designated corporate trust office.

Principal Paying Agent

Deutsche Bank Trust Company Americas will act as the principal paying agent for the notes. The Issuer may appoint other paying agents in addition to the principal paying agent. So long as any notes are listed on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, the Issuer will maintain a paying agent in Luxembourg. Upon any change in the principal paying agent or in the Luxembourg Paying Agent, the Issuer will publish a notice in a leading daily newspaper of general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or alternatively the Issuer may also publish a notice on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Transfer and Exchange

The trustee will initially act as the transfer agent and registrar for the notes. A holder may transfer or exchange notes at the office designated by the Issuer for such purposes, which initially will be the corporate trust office of the trustee in New York, New York. For so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, a holder will also be able to transfer or exchange notes at the offices of the paying agent in Luxembourg. The registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents in the form provided and as specified in the Indenture. See "—Exchange of Global Notes for Certificated Notes" and "—Exchange of Certificated Notes for Global Notes" for a description of additional transfer restrictions applicable to the notes. Upon any change in the registrar, the Issuer will publish a notice in a leading daily newspaper of general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or alternatively the Issuer may also publish a notice on the website of the Luxembourg Stock Exchange (www.bourse.lu).

No service charge will be imposed in connection with any transfer or exchange of any note, but the Issuer may in general require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

Upon written request from the issuer, the trustee shall provide the issuer with a copy of the register to enable it to maintain a register of the notes at its registered office.

Notices

As long as notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If the Issuer issues notes in certificated form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee's records, and will be deemed given when mailed. For so long as any notes are listed on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, and in accordance with the rules and regulations of the Luxembourg Stock Exchange, the Issuer will publish all notices to holders in a newspaper with general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or alternatively the Issuer may also publish a notice on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Governing Law

The Indenture, the notes and the Note Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York. The application of the provisions set out in articles 86 to 94-8 of the Luxembourg law on commercial companies dated August 10, 1915, as amended, is excluded.

Consent to Jurisdiction

Each of the parties to the Indenture and the noteholders will irrevocably submit to the jurisdiction of any New York State or United States Federal court sitting in the City of New York in respect of any suit, action or proceeding arising out of or relating to the Indenture or any note or Note Guarantee. Each of the parties to the Indenture will

irrevocably waive, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such courts and any claim that any such suit, action or proceeding brought in such courts, has been brought in an inconvenient forum and any right to which it may be entitled on account of place of residence or domicile. To the extent that the Issuer or the Guarantor has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process with respect to itself or its property, each of the Issuer and the Guarantor has irrevocably waived such immunity in respect of (i) its obligations under the Indenture and (ii) any note or Note Guarantee. Each of the parties to the Indenture will agree that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding on them and may be enforced in any court to the jurisdiction of which each of them is subject by a suit upon such judgment, provided, that service of process is effected upon the Issuer in the manner specified in the following paragraph or as otherwise permitted by law.

As long as any of the notes remain outstanding, the Issuer and the Guarantor will at all times have an authorized agent in the City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to the Indenture or any note or Note Guarantee. Service of process upon such agent and written notice of such service mailed or delivered to the Issuer shall to the extent permitted by law be deemed in every respect effective service of process upon the Issuer or the Guarantor in any such legal action or proceeding. The Issuer and the Guarantor will appoint National Registered Agents, Inc. as their agent for such purpose, and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at 111 Eighth Avenue, New York, New York, 10011 (or at such other address or at the office of such other authorized agent as the Issuer or the Guarantor may designate by written notice to the trustee).

Judgment Currency

U.S. dollars are the sole currency of account and payment for all sums due and payable by the Issuer and the Guarantor under the Indenture, the notes and the Note Guarantee. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder in U.S. dollars into another currency, the Issuer and the Guarantor will agree, to the fullest extent that they may legally and effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the trustee determines a Person could purchase U.S. dollars with such other currency in New York, New York, on the business day immediately preceding the day on which final judgment is given.

The obligation of each of the Issuer and the Guarantor in respect of any sum due to any noteholder or the trustee in U.S. dollars shall, to the extent permitted by applicable law, notwithstanding any judgment in a currency other than U.S. dollars, be discharged only to the extent that on the business day following receipt of any sum adjudged to be so due in the judgment currency such noteholder or trustee may in accordance with normal banking procedures purchase U.S. dollars in the amount originally due to such Person with the judgment currency. If the amount of U.S. dollars so purchased is less than the sum originally due to such Person, each of the Issuer and the Guarantor agrees, jointly and severally, as a separate obligation and notwithstanding any such judgment, to indemnify such Person against the resulting loss; and if the amount of U.S. dollars so purchased is greater than the sum originally due to such Person, such Person will, by accepting a note, be deemed to have agreed to repay such excess.

Certain Definitions

"Acquired Debt" means Debt of a Person existing at the time the Person merges with or into or becomes a Subsidiary and not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Subsidiary.

"Adjusted EBITDA" means, for any period:

(1) consolidated net sales *minus*;

(2) consolidated cost of sales and services *minus*;

(3) consolidated general and administrative expenses and selling expenses *plus/minus*;

(4) consolidated recurring other income (expense), net *plus/minus*;

(5) consolidated equity pick up income from associates *plus*;

(6) any depreciation or amortization included in any of the foregoing;

as each such item is reported on the most recent consolidated financial statements delivered by the Guarantor to the trustee and prepared in accordance with IFRS. For the avoidance of doubt, at any time prior to the Comgás Spin-Off with Substitution Consummation Date, Radar Propriedades Agrícolas S.A. and its Subsidiaries (to the extent the results of operations of such entities are consolidated by the Guarantor) and the Guarantor's proportional interest in Raízen Energia S.A. and its Subsidiaries and Raízen Combustíveis S.A. and its Subsidiaries shall be included in the calculation of Adjusted EBITDA. While Adjusted EBITDA of Raízen Energia S.A. and Raízen Combustíveis S.A. has been considered on a proportional interest base method, any eventual equity pick up from such entities during the same period shall be excluded, to avoid duplication.

For avoidance of doubt, in calculating Adjusted EBITDA, the Guarantor will deem any reported income/expense as a recurring item unless the item is greater than U.S.$50.0 million, in which case, the Guarantor will make a good faith determination on an item-by-item basis as to whether it is recurring.

"Adjusted Net Debt" means, as of any date of determination:

(1) the aggregate amount of Debt of the Guarantor and its Restricted Subsidiaries and, at any date of determination prior to the Comgás Spin-Off with Substitution Consummation Date, (A) Radar Propriedades Agrícolas S.A. and its Subsidiaries (to the extent the results of operations of such entities are consolidated by the Guarantor) and (B) the Guarantor's proportionate equity interest in Raízen Energia S.A. and Raízen Combustíveis S.A. and their respective Subsidiaries; *minus*

(2) the sum of consolidated cash and cash equivalents and consolidated marketable securities recorded as current and non-current assets (including National Treasury Certificates - "CTN," acquired to guarantee loans under the Special Agricultural Financing Program); *minus/(plus)*;

(3) any recorded asset/(liability) from derivatives entered into by the Guarantor in order to hedge its Debt denominated in foreign currencies,

in all cases determined in accordance with IFRS and as set forth in the most recent consolidated balance sheet of the Guarantor. While Adjusted Net Debt of Raízen Energia S.A. and Raízen Combustíveis S.A. has been considered on a proportional interest base method, any eventual equity pick up from such entities during the same period shall be excluded, to avoid duplication.

"Advance Transaction" means an advance from a financial institution involving either (a) a foreign exchange contract (ACC — *Adiantamento sobre Contrato de Câmbio*) or (b) an export contract (ACE — *Adiantamento sobre Contrato de Exportação*).

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with") with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Asset Sale" means any sale, lease, transfer or other disposition of any assets by the Guarantor or any Restricted Subsidiary, including by means of a merger, consolidation or similar transaction and including any sale or issuance of the Equity Interests of any Restricted Subsidiary (each of the above referred to as a "disposition"), provided that the following are not included in the definition of "Asset Sale":

(1) a disposition to the Guarantor or a Restricted Subsidiary, including the sale or issuance by the Guarantor or any Restricted Subsidiary of any Equity Interests of any Restricted Subsidiary to the Guarantor or any Restricted Subsidiary;

(2) a disposition by a Restricted Subsidiary to the Guarantor or another Restricted Subsidiary or by the Guarantor to a Restricted Subsidiary;

(3) a disposition of any Equity Interests of any Restricted Subsidiary in connection with a corporate reorganization or delisting transaction involving the public shareholders of the Guarantor, provided that immediately following such disposition, the Guarantor could Incur at least U.S.$1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt and Disqualified Stock;"

(4) the sale, lease, transfer or other disposition by the Guarantor or any Restricted Subsidiary in the ordinary course of business of (i) cash and Cash Equivalents, (ii) inventory, (iii) damaged, worn out or obsolete equipment or other assets, or (iv) rights granted to others pursuant to leases or licenses;

(5) the lease of assets by the Guarantor or any of its Subsidiaries in the ordinary course of business;

(6) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(7) a transaction covered by the covenant described under the caption "—Certain Covenants—Consolidation, Merger or Transfer of Assets;"

(8) a Restricted Payment permitted under the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments;"

(9) a Sale and Leaseback Transaction otherwise permitted under "—Limitation on Sale and Leaseback Transactions;"

(10) any issuance of Disqualified Stock otherwise permitted under "—Limitation on Debt and Disqualified Stock;"

(11) the creation of a Lien not prohibited by this Indenture (but not the sale or disposition of the property subject to such Lien);

(12) any surrender or waiver of contract rights pursuant to a settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(13) any disposition of assets in any fiscal year with an aggregate fair market value, taken together with all other dispositions made in reliance on this clause, not to exceed U.S.$100.0 million (at any time prior to the Comgás Spin-Off with Substitution Consummation Date) or U.S.$75.0 million (at any time on or after the Comgás Spin-Off with Substitution Consummation Date) (or the equivalent thereof at the time of determination);

(14) the disposition of any shares of Capital Stock of an Unrestricted Subsidiary;

(15) the Comgás Spin-Off with Substitution;

(16) the Comgás Spin-Off without Substitution;

(17) the Lubricant Spin-Off; and

(18) the Radar Spin-Off.

"Attributable Debt" means, in respect of a Sale and Leaseback Transaction the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"Average Life" means, with respect to any Debt, the quotient obtained by dividing (i) the sum of the products of (x) the number of years from the date of determination to the dates of each successive scheduled principal payment of such Debt and (y) the amount of such principal payment by (ii) the sum of all such principal payments.

"Business Day" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in the City of New York, São Paulo, Luxembourg or (for so long as the Issuer is organized in the Grand Duchy of Luxembourg) Luxembourg.

"Capital Lease" means, with respect to any Person, any lease of any Property which, in conformity with IFRS, is required to be capitalized on the balance sheet of such Person.

"Capital Stock" means, with respect to any Person, any and all shares of stock of a corporation, partnership interests or other equivalent interests (however designated, whether voting or non-voting) in such Person's equity, entitling the holder to receive a share of the profits and losses, and a distribution of assets, after liabilities, of such Person.

"Cash Equivalents" means:

(1) Brazilian *reais*, United States dollars, or money in other currencies received in the ordinary course of business that are readily convertible into United States dollars;

(2) any evidence of Debt with a maturity of 180 days or less issued or directly and fully guaranteed or insured by the Federative Republic of Brazil or the United States of America or any agency or instrumentality thereof, provided that the full faith and credit of the Federative Republic of Brazil or the United States of America is pledged in support thereof;

(3) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of the Federative Republic of Brazil or any political subdivision thereof or the United States or any state thereof having capital, surplus and undivided profits in excess of U.S.$500.0 million whose short-term debt is rated "A-2" or higher by S&P or "P-2" or higher by Moody's;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at least P-1 by Moody's or A-1 by S&P and maturing within six months after the date of acquisition; and

(6) money market funds at least 95% of the assets of which consist of investments of the type described in clauses (1) through (5) above.

"Change of Control" means:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Guarantor and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)), other than to one or more of the Permitted Holders and other than pursuant to (i) any such transaction in which immediately after the consummation thereof, the voting power of the Guarantor's outstanding Voting Stock immediately prior to such consummation constitutes or is converted into or exchanged for more than 50% of the voting power of the outstanding Voting Stock of such Person or (ii) any such sale, lease, transfer or conveyance to one or more Permitted Holders or a Subsidiary of a Permitted Holder, in each case, if immediately after such transaction no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is the "beneficial owner" (as defined in Rules 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the voting power of the outstanding Voting Stock of such Permitted Holder; or

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any Person (including any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, other than one or more Permitted Holders) is or becomes the "beneficial owner" (as such term is used in Rules 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Guarantor; or

(3) the first day on which the majority of the members of the board of directors of the Guarantor cease to be Continuing Directors,

provided that the Comgás Spin-Off with Substitution shall not constitute a Change of Control.

"Comgás Spin-Off with Substitution Consummation Date" has the meaning given to such term under "—Substitution of the Guarantor and the Issuer in connection with the Comgás Spin-Off with Substitution—Relevant Definitions."

"Consolidated Net Income" means, for any period, the aggregate net income (or loss) of the Guarantor for such period determined on a consolidated basis in conformity with IFRS, provided, however, that, for the avoidance of doubt, at any time on and after the Comgás Spin-Off with Substitution Consummation Date, the net income (or loss) of Cosan S.A. Indústria e Comércio on a consolidated basis in respect of any date prior to the Comgás Spin-Off with Substitution Consummation Date shall not be included in Consolidated Net Income.

"Continuing Director" means, as of any date of determination, any member of the board of directors of the Guarantor who:

(1) was a member of such board of directors on the date of the Indenture, or in respect of any date of determination after the Comgás Spin-Off with Substitution Consummation Date, the Comgás Spin-Off with Substitution Consummation Date; or

(2) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election provided that, to the extent that the board of directors does not customarily approve the nomination or election of new members to the board of directors, such approval shall be presumed to have been given absent clear evidence to the contrary.

"Debt" means, with respect to any Person, without duplication,

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments, excluding obligations in respect of trade letters of credit or bankers' acceptances issued in respect of trade accounts payables to the extent not drawn upon or presented, or, if drawn upon or presented, to the extent the resulting obligation of the Person is paid within 10 Business Days;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, all conditional sale obligations and all obligations of such person under any title retention agreement, excluding accounts payable arising in the ordinary course of business;

(5) all obligations of such Person as lessee under Capital Leases;

(6) all Debt of other Persons guaranteed by such Person to the extent so guaranteed;

(7) all Debt of other Persons secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person; and

(8) all obligations of such Person under Hedging Agreements.

The amount of Debt of any Person will be deemed to be:

(A) with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation;

(B) with respect to Debt secured by a Lien on an asset of such Person but not otherwise the obligation, contingent or otherwise, of such Person, the lesser of (x) the fair market value of such asset on the date the Lien attached and (y) the amount of such Debt;

(C) with respect to any Debt issued with original issue discount, the face amount of such Debt less the remaining unamortized portion of the original issue discount of such Debt;

(D) with respect to any Hedging Agreement, the net amount payable if such Hedging Agreement terminated at that time due to default by such Person; and

(E) otherwise, the outstanding principal amount thereof.

The principal amount of any Debt or other obligation that is denominated in any currency other than United States dollars (after giving effect to any Hedging Agreement in respect thereof) shall be the amount thereof, as determined pursuant to the foregoing sentence, converted into United States dollars at the Spot Rate in effect on the date of determination.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Equity Interests" means Equity Interests that by their terms or upon the happening of any event are:

(1) required to be redeemed or redeemable at the option of the holder prior to the Stated Maturity of the notes for consideration other than Qualified Equity Interests, or

(2) convertible at the option of the holder into Disqualified Equity Interests or exchangeable for Debt;

provided that Equity Interests will not constitute Disqualified Equity Interests solely because of provisions giving holders thereof the right to require repurchase or redemption upon an "asset sale" or "change of control" occurring prior to the Stated Maturity of the notes if those provisions

(A) are no more favorable to the holders than the covenants described under the captions "—Certain Covenants—Limitation on Asset Sales" and "Certain Covenants—Repurchase of Notes Upon a Change of Control," and

(B) specifically state that repurchase or redemption pursuant thereto will not be required prior to the Issuer's repurchase of the notes as required by the Indenture.

"Disqualified Stock" means Capital Stock constituting Disqualified Equity Interests.

"Equity Interests" means all Capital Stock and all warrants or options with respect to, or other rights to purchase, Capital Stock, but excluding Debt convertible into equity.

"Fitch" means Fitch Ratings Inc. and its successors.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part; provided that the term "Guarantee" does not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means each of (i) Cosan S.A. Indústria e Comércio, (ii) any other party that executes a supplemental Indenture in the form of an exhibit to the Indenture providing for the guarantee of the payment of the notes, or any successor obligor under its Note Guarantee pursuant to the covenant described under the caption "—Certain Covenants—Consolidation, Merger or Transfer of Assets," and (iii) upon the occurrence of the Comgás Spin-Off with Substitution Consummation Date, Comgás Holding or Comgás, as applicable, pursuant to the provisions described under "—Substitution of the Guarantor and the Issuer in connection with the Comgás Spin-Off with Substitution—Substitution of the Guarantor," in each case unless and until such Guarantor is released from its Note Guarantee pursuant to the Indenture.

"Hedging Agreement" means (i) any interest rate swap agreement, interest rate cap agreement or other agreement designed to protect against fluctuations in interest rates or (ii) any foreign exchange forward contract, currency swap agreement or other agreement designed to protect against fluctuations in foreign exchange rates or (iii) any commodity or raw material futures contract or any other agreement designed to protect against fluctuations in raw material prices.

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Incur" means, with respect to any Debt or Capital Stock, to incur, create, issue, assume or guarantee such Debt or Capital Stock. If any Person becomes a Subsidiary on any date after the date of the Indenture (other than in connection with the Comgás Spin-Off with Substitution), the Debt and Capital Stock of such Person outstanding on such date will be deemed to have been Incurred by such Person on such date for purposes of the covenant described under the caption "—Certain Covenants—Limitation on Debt and Disqualified Stock," but will not be considered the sale or issuance of Equity Interests for purposes of the covenants described under the captions "—Certain Covenants—Limitation on Restricted Payments" or "Limitation on Asset Sales." The accretion of original issue discount or payment of interest in kind will not be considered an Incurrence of Debt.

"Investment" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person, but excluding any such advance, loan or extension of credit having a term not exceeding 180 days arising in connection with the sale of inventory, equipment or supplies by that Person in the ordinary course of business;

(2) any capital contribution to another Person, by means of any transfer of cash or other property or in any other form;

(3) any purchase or acquisition of Equity Interests, bonds, notes or other Debt, or other instruments or securities issued by another Person, any acquisitions of assets or substantially all the assets of a Person, including the receipt of any of the above as consideration for the disposition of assets or rendering of services; or

(4) any guarantee of any obligation of another Person.

For purposes of this definition, the term "Person" shall not include the Guarantor or any Subsidiary or any Person who would become a Subsidiary as a result of any Investment. If the Guarantor or any Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary so that, after giving effect to that sale or disposition, such Person is no longer a Subsidiary of the Guarantor, all remaining Investments of the Guarantor and the Subsidiaries in such Person shall be deemed to have been made at such time. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "Certain Covenants—Limitation on Restricted Payments":

(1) Investment shall include the portion (proportionate to the Guarantor's equity interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of the Guarantor at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that, upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Guarantor shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(A) the Guarantor's Investment in such Subsidiary at the time of such redesignation; *minus*

(B) the portion (proportionate to the Guarantor's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer.

"Investment Grade" means BBB- or higher by S&P, Baa3 or higher by Moody's or BBB- or higher by Fitch, or the equivalent of such global ratings by S&P, Moody's or Fitch.

"Investment Grade Rating" means a rating equal to or higher than Investment Grade.

"Issue Date" means June 20, 2016 with respect to the Existing Notes and July 18, 2016 with respect to the New Notes.

"Joint Venture" means (i), as described in this offering memorandum, the joint venture between the Guarantor and Shell Brazil Holdings B.V. ("Shell") and their respective subsidiaries whereby (a) the Guarantor contributed its sugar and ethanol and its fuel distribution assets and (b) Shell contributed its distribution assets in Brazil, its interests in second generation ethanol research and development entities (Iogen Corp. and Codexis, Inc., its aviation fuel business in Brazil) and the license to use the Shell brand, and a cash contribution, or (ii) any similar or related transaction.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or Capital Lease).

"Marketable Securities" means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a corporation with debt securities rated at least "AA-" from S&P or "Aa3" from Moody's.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means, with respect to:

(a) any Asset Sale, the proceeds of such Asset Sale in the form of cash or Cash Equivalents (including (i) payments in respect of deferred payment obligations to the extent corresponding to, principal, but not interest, when received in the form of cash, and (ii) proceeds from the conversion of other consideration received when converted to cash), net of

(1) brokerage commissions and other fees and expenses related to such Asset Sale, including fees and expenses of counsel, accountants and investment bankers;

(2) provisions for taxes as a result of such Asset Sale taking into account the consolidated results of operations of the Guarantor and its Subsidiaries;

(3) payments required to be made to repay Debt (other than revolving credit borrowings) outstanding at the time of such Asset Sale that is secured by a Lien on the property or assets sold; and

(4) appropriate amounts to be provided as a reserve against liabilities associated with such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and indemnification obligations associated with such Asset Sale, with any subsequent reduction of the reserve other than by payments made and charged against the reserved amount to be deemed a receipt of cash; and

(b) any Option Exercise, the proceeds from such Option Exercise in the form of cash or Cash Equivalents (including (i) payments in respect of deferred payment obligations to the extent corresponding to principal, but not interest, when received in the form of cash, and (ii) proceeds from the conversion of other consideration received when converted to cash), net of:

(1) fees and expenses related to such Option Exercise, including fees and expenses of counsel, auditors and investment bankers;

(2) provisions for taxes as a result of such Option Exercise taking into account the consolidated results of operations of the Guarantor and its Subsidiaries;

(3) payments required to be made to repay Debt (other than revolving credit borrowings) outstanding at the time of such Option Exercise that is secured by a Lien on the property or assets sold or conveyed; and

(4) appropriate amounts to be provided as a reserve against liabilities associated with such Option Exercise, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and indemnification obligations associated with such Option Exercise, with any subsequent reduction of the reserve other than by payments made and charged against the reserved amount to be deemed a receipt of cash.

"Net Debt to EBITDA Ratio" means, on any date (the "transaction date"), the ratio of:

(x) the aggregate amount of Adjusted Net Debt at that time to

(y) Adjusted EBITDA for the four fiscal quarters immediately prior to the transaction date for which internal financial statements are available (the "reference period").

In making the foregoing calculation:

(1) *pro forma* effect will be given to any Debt Incurred during or after the reference period to the extent the Debt is outstanding or is to be Incurred on the transaction date as if the Debt had been Incurred on the first day of the reference period; and

(2) *pro forma* effect will be given to:

(A) the acquisition or disposition of companies, divisions or lines of businesses by the Guarantor and its Restricted Subsidiaries, including any acquisition or disposition of a company, division or line of business since the beginning of the reference period by a Person that became a Restricted Subsidiary after the beginning of the reference period; and

(B) the discontinuation of any discontinued operations

that have occurred since the beginning of the reference period as if such events had occurred, and, in the case of any disposition, the proceeds thereof applied, on the first day of the reference period. To the extent that *pro forma* effect is to be given to an acquisition or disposition of a company, division or line of business, the *pro forma* calculation will be based upon the most recent four full fiscal quarters for which the relevant financial information is available.

For the avoidance of doubt, in respect of any transaction date prior to the Comgás Spin-Off with Substitution Consummation Date (A) Radar Propriedades Agrícolas S.A. and its Subsidiaries (to the extent the results of operations of such entities are consolidated by the Guarantor) and (B) the Guarantor's proportional interest in each of Raízen Energia S.A. and Raízen Combustíveis S.A. and their respective Subsidiaries shall be included in the calculation of each of Adjusted Net Debt and Adjusted EBITDA for purposes of the calculation of the Net Debt to EBITDA Ratio.

"Note Guarantee" means the guarantee of the notes by the Guarantor pursuant to the Indenture.

"Officers' Certificate" means a certificate signed by any two of the chief executive officer, the chief operating officer, the chief financial officer, the chief accounting officer, a director or the general counsel of the Issuer or any of its Subsidiaries, or a certificate of the Guarantor signed in the name of the Guarantor by the chairman of the Board of Directors, the president or chief executive officer, any vice president, the chief financial officer, the treasurer or any assistant treasurer or the secretary or any assistant secretary, as the case may be.

"Permitted Business" means any of the businesses in which the Guarantor and its Subsidiaries are engaged on the Issue Date or the Option Exercise date, as applicable, and any business reasonably related, incidental, complementary or ancillary thereto or any business determined in good faith by its board of directors to be in the interest of the Guarantor.

"Permitted Business Investment" means any Investment and expenditure made in assets or properties (including Capital Stock, Debt or any other security or instrument of a Person) related to a Permitted Business or any business determined in good faith by its board of directors to be in the interest of the Guarantor.

"Permitted Holders" means Mr. Rubens Ometto Silveira Mello and/or any immediate family members, Royal Dutch Shell Plc (at any time or after the Comgás Spin-Off with Substitution Consummation Date) and any Person, directly or indirectly, controlled by any of them.

"Permitted Liens" means:

(1) any Lien existing on the date of the Indenture, and any extension, renewal or replacement thereof or of any Lien in clause (2), (3) or (4) below; provided, however, that the total amount of Debt so secured is not increased;

(2) any Lien on any property or assets (including Capital Stock of any person) securing Debt Incurred solely for purposes of financing the acquisition, construction or improvement of such property or assets after the date of the

Indenture; provided that (a) the aggregate principal amount of Debt secured by the Liens will not exceed (but may be less than) the cost (i.e., purchase price) of the property or assets so acquired, constructed or improved and (b) the Lien is Incurred before, or within 365 days after the completion of, such acquisition, construction or improvement and does not encumber any other property or assets of the Guarantor or any Subsidiary; and provided, further, that to the extent that the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the person so acquired;

(3) any Lien securing Debt for the purpose of financing all or part of cost of the acquisition, construction or development of a project; provided that the Liens in respect of such Debt are limited to assets (including Capital Stock of the project entity) and/or revenues of such project; and provided, further, that the Lien is Incurred before, or within 365 days after the completion of, that acquisition, construction or development and does not apply to any other property or assets of the Guarantor or any Subsidiary;

(4) any Lien existing on any property or assets of any person before that person's acquisition (in whole or in part) by, merger into or consolidation with the Guarantor or any Subsidiary after the date of the Indenture; provided that the Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation;

(5) any Lien imposed by law that was Incurred in the ordinary course of business, including, without limitation, carriers', warehousemen's and mechanics' liens and other similar encumbrances arising in the ordinary course of business, in each case for sums not yet due or being contested in good faith by appropriate proceedings;

(6) any pledge or deposit made in connection with workers' compensation, unemployment insurance or other similar social security legislation, any deposit to secure appeal bonds in proceedings being contested in good faith to which the Guarantor or any Subsidiary is a party, good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which the Guarantor or any Subsidiary is a party or deposits for the payment of rent, in each case made in the ordinary course of business;

(7) any Lien in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of the Guarantor or any Subsidiary in the ordinary course of business;

(8) any Lien securing taxes, assessments and other governmental charges, the payment of which are not yet due or are being contested in good faith by appropriate proceedings and for which such reserves or other appropriate provisions, if any, have been established as required by IFRS;

(9) minor defects, easements, rights-of-way, restrictions and other similar encumbrances Incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, licenses, restrictions on the use of property or assets or minor imperfections in title that do not materially impair the value or use of the property or assets affected thereby, and any leases and subleases of real property that do not interfere with the ordinary conduct of the business of the Guarantor or any Subsidiary, and which are made on customary and usual terms applicable to similar properties;

(10) any rights of set-off of any person with respect to any deposit account of the Guarantor or any Subsidiary arising in the ordinary course of business;

(11) any Liens granted to secure borrowings from, directly or indirectly, (a) Banco Nacional de Desenvolvimento Econômico e Social, or BNDES, or any other Brazilian governmental development bank or credit agency, (b) any international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer or (c) the Brazilian Cooperative Organization (*Organização das Cooperativas Brasileiras* – OCB);

(12) any Liens on the inventory or receivables of the Guarantor or any Subsidiary securing the obligations of such person under any lines of credit or working capital facility or in connection with any structured export or import financing or other trade transaction; *provided* that the aggregate principal amount of Debt Incurred that is secured by receivables that will fall due in any calendar year shall not exceed (a) with respect to transactions secured by receivables from export sales, 80% of the Guarantor's consolidated gross revenues from export sales for the immediately preceding calendar year; or (b) with respect to transactions secured by receivables from domestic (Brazilian) sales, 80% of the Guarantor's consolidated gross revenues from sales within Brazil for the immediately preceding calendar year; and provided, further, that Advance Transactions will not be deemed transactions secured by receivables for purpose of the above calculation;

(13) any Lien securing Hedging Agreements so long as such Hedging Agreements are entered into for bona fide, non-speculative purposes;

(14) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, any Lien securing obligations under the documentation governing the establishment and operation of the Joint Venture pursuant to which the Guarantor will pledge or has pledged, among others, certain dividends, interest on capital and shares to Shell or its Affiliates; and

(15) in addition to the foregoing Liens set forth in clauses (1) through (14) above, Liens securing Debt of the Guarantor or any Subsidiary (including, without limitation, guarantees of the Guarantor or any Subsidiary) which in aggregate principal amount, at any time of determination, do not exceed 10% of the Guarantor's Total Consolidated Assets.

"Comgás Spin-Off with Substitution" has the meaning given to such term under "—Substitution of the Guarantor and the Issuer in connection with the Comgás Spin-Off with Substitution—Relevant Definitions."

"Permitted Substituted Issuer" means a corporation organized and validly existing under the laws of the Cayman Islands or the Grand Duchy of Luxembourg (currently expected to be called Comgás Luxembourg S.A.) which will be a Substantially Wholly-Owned Subsidiary of Comgás Holding or Comgás, as applicable.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or an agency or instrumentality thereof.

"Productive Assets" means assets (including capital stock or its substantial equivalent or other Investments) that are used or usable by the Guarantor and its Subsidiaries in Permitted Businesses (or in the case of capital stock or its substantial equivalent or other Investments that represent direct, or indirect (via a holding company), ownership or other interests held by the Guarantor or any Subsidiary in entities engaged in Permitted Businesses).

"Pro Forma Spin-Off Financial Statements" mean the *pro forma* financial statements of Comgás Holding or Comgás, as applicable, on a consolidated basis as at and for the four full fiscal quarters ended immediately prior to the date of the Comgás Spin-Off with Substitution which (i) shall be prepared as if the Comgás Spin-Off with Substitution had occurred at the start of the period covered by such Pro Forma Spin-Off Financial Statements, (ii) shall be prepared using accounting policies consistent with the manner in which Comgás Holding or Comgás, as applicable, expects to prepare its consolidated financial statements for the four fiscal quarters immediately following the date of the Comgás Spin-Off with Substitution, (iii) shall include in the balance sheet of Comgás Holding or Comgás, as applicable, the aggregate principal amount of the notes outstanding as at the date to which such Pro Forma Spin-Off Financial Statements are prepared and (iv) shall be prepared as at a date no earlier than 90 days prior to the Comgás Spin-Off with Substitution Consummation Date.

"Property" means (i) any land, buildings, machinery and other improvements and equipment located therein, (ii) any intangible assets, including, without limitation, any brand names, trademarks, copyrights and patents and similar rights and any income (licensing or otherwise), proceeds of sale or other revenues therefrom.

"Qualified Equity Interests" means all Equity Interests of a Person other than Disqualified Equity Interests. "Qualified Stock" means all Capital Stock of a Person other than Disqualified Stock.

"Radar Significant Entity" means Radar Propriedades Agrícolas S.A. and any of its Subsidiaries, in each case, only to the extent and for so long as Cosan S.A. Indústria e Comércio consolidates the operations of such entity and such entity would satisfy the "significant subsidiary" tests with respect to Cosan S.A. Indústria e Comércio (notwithstanding whether any such entity is a Subsidiary of Cosan S.A. Indústria e Comércio) set forth in Rule 1-02 under Regulation S-X promulgated pursuant to the Securities Act.

"Raízen Significant Entity" means (i) Raízen Energia S.A., (ii) Raízen Combustíveis S.A. and (iii) any of their Subsidiaries, in each case, only to the extent and for so long as Cosan S.A. Indústria e Comércio's proportional equity interest in any such entity would satisfy the "significant subsidiary" tests with respect to Cosan S.A. Indústria e Comércio (notwithstanding whether any such entity is a Subsidiary of Cosan S.A. Indústria e Comércio) set forth in Rule 1-02 under Regulation S-X promulgated pursuant to the Securities Act.

"Rating Agency" means S&P, Fitch or Moody's; or if S&P, Fitch or Moody's are not making ratings of the notes publicly available, an internationally recognized U.S. rating agency or agencies, as the case may be, selected by the Issuer, which will be substituted for S&P, Fitch or Moody's, as the case may be.

"Rating Decline" means that at any time within 90 days (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible down grade by either Rating Agency) after the date of public notice of a Change of Control, or of the Issuer's or the Guarantor's intention, or that of any Person, to effect a Change of Control (i) in the event the notes are assigned an Investment Grade Rating by at least two of the Rating Agencies prior to such public notice, the rating of the notes by at least two of the Rating Agencies shall be below an Investment Grade Rating; (ii) in the event the notes are assigned an Investment Grade Rating by one Rating Agency and rated below an Investment Grade Rating by at least one other Rating Agency, the rating of the notes by at least two of the Rating Agencies shall be decreased by one or more categories and both be below an Investment Grade Rating; or (iii) in the event the notes are rated below an Investment Grade Rating by at least two of the Rating Agencies prior to such public notice, the rating of the notes by at least two of the Rating Agencies shall be decreased by one or more categories; provided that any such Rating Decline is in whole or in part in connection with a Change in Control.

"Restricted Subsidiary" means the Issuer and any Subsidiary of the Guarantor other than an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc. and its successors.

"Sale and Leaseback Transaction" means, with respect to any Person, an arrangement whereby such Person enters into a lease of property previously transferred by such Person to the lessor.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Significant Subsidiary" of any Person means any Subsidiary, including its subsidiaries, that would be a "significant subsidiary" of such Person within the meaning of Rule 1-02 under Regulation S-X promulgated pursuant to the Securities Act.

"Spot Rate" means, for any currency, the spot rate at which that currency is offered for sale against United States dollars as published in The Wall Street Journal on the Business Day immediately preceding the date of determination or, if that rate is not available in that publication, as determined in any publicly available source of similar market data.

"Stated Maturity" means (i) with respect to any Debt, the date specified as the fixed date on which the final installment of principal of such Debt is due and payable or (ii) with respect to any scheduled installment of principal of or interest on any Debt, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Debt, not including any contingent obligation to repay, redeem or repurchase prior to the regularly scheduled date for payment.

"Subordinated Debt" means any Debt of the Guarantor which is subordinated in right of payment to the notes or the Note Guarantee, as applicable, pursuant to a written agreement to that effect.

"Subsidiary" means with respect to any Person, any corporation, association or other business entity of which more than 50% of the outstanding Voting Stock is owned, directly or indirectly, by such Person, provided, however, that (i) none of Raízen Energia S.A. or any of its subsidiaries shall be a Subsidiary unless Cosan S.A. Indústria e Comércio owns, directly or indirectly, more than 51% of the Voting Stock of that entity; and (ii) none of Raízen Combustíveis S.A. or any of its subsidiaries shall be a Subsidiary unless Cosan S.A. Indústria e Comércio owns, directly or indirectly, more than 51% of the Voting Stock of that entity.

"Substantially Wholly-Owned" means, with respect to any Subsidiary, a Subsidiary of at least 90% of the outstanding Capital Stock of which (other than director's or other similar qualifying shares) is owned by the Guarantor or one or more Wholly-Owned Subsidiaries (or a combination thereof) of the Guarantor.

"Total Consolidated Assets" means the total amount of (a) the consolidated assets of the Guarantor and its Restricted Subsidiaries and (b) at any time prior to the Comgás Spin-Off with Substitution Consummation Date, the total amount of consolidated assets of Radar Propriedades Agrícolas S.A. and its Subsidiaries (to the extent the

results of operations of such entities are consolidated by the Guarantor) and the Guarantor's proportionate equity interest in the total amount of the consolidated assets of Raízen Energia S.A. and Raízen Combustíveis S.A. and their respective Subsidiaries, in each case determined in accordance with IFRS.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Guarantor (other than the Issuer) that at the time of determination shall be designated an Unrestricted Subsidiary by the management of the Guarantor in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The management of the Guarantor may designate any Restricted Subsidiary of the Guarantor (including any newly acquired or newly formed Subsidiary of the Guarantor) to be an Unrestricted Subsidiary pursuant to clause (1) above unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Debt of, or owns or holds any Lien on any property of, the Guarantor or any Restricted Subsidiary of the Guarantor that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either:

(a) the Subsidiary to be so designated has total consolidated assets of U.S.$1,000 or less; or

(b) if such Subsidiary has consolidated assets greater than U.S.$1,000, then such designation and Investment (treating (i) such designation as an Investment in an Unrestricted Subsidiary at the time of designation and (ii) such designation and Investment as a Restricted Payment) would be permitted under "—Certain Covenants—Limitation on Restricted Payments"; in which case, such designation and Investment will be deemed to be a Restricted Payment pursuant to those provisions.

The management of the Guarantor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided, however*, that immediately after giving effect to such designation:

(i) such designation shall be deemed an Incurrence of Debt by a Restricted Subsidiary and such designation shall only be permitted if such Debt is permitted under "—Certain Covenants—Limitation on Debt and Disqualified Stock"; and

(ii) no Event of Default shall have occurred and be continuing.

Any such designation of a Subsidiary as a Restricted Subsidiary, and any such designation of a Subsidiary as an Unrestricted Subsidiary pursuant to clause (1) above, by the management of the Guarantor shall be evidenced to the trustee by promptly filing with the trustee an Officers' Certificate certifying that such designation complied with the foregoing provisions. On the Closing Date, there will be no Unrestricted Subsidiary of the Guarantor. In addition, on the Comgás Spin-Off with Substitution Consummation Date, there will be no Unrestricted Subsidiaries of the Guarantor.

"U.S. Government Obligations" means obligations issued or directly and fully guaranteed or insured by the United States of America or by any agent or instrumentality thereof, provided that the full faith and credit of the United States of America is pledged in support thereof.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly-Owned" means, with respect to any Subsidiary, a Subsidiary all of the outstanding Capital Stock of which (other than any director's or other similar qualifying shares) is owned by the Guarantor and one or more Wholly-Owned Subsidiaries (or a combination thereof).

Book Entry, Delivery and Form

The notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A notes"). Notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S notes"). Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Rule 144A global notes"). Regulation S notes initially will be represented by one or

more notes in registered, global form without interest coupons (collectively, the "Regulation S global notes" and, together with the Rule 144A global notes, the "global notes").

The global notes will be deposited upon issuance with the trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "restricted period"), beneficial interests in the Regulation S global notes may be transferred to a person that takes delivery through a Rule 144A global note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A global notes may not be exchanged for beneficial interests in the Regulation S global notes at any time except in the limited circumstances described below. See "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the global notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A notes (including beneficial interests in the Rule 144A global notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Transfer Restrictions." Regulation S notes will also bear the legend as described under "Transfer Restrictions." In addition, transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of the Euroclear System ("Euroclear") and Clearstream Banking S.A. ("Clearstream") (as indirect participants in DTC), which may change from time to time.

Depositary Procedures

The following description of the operations and procedures of DTC. Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the "participants") and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the global notes, DTC will credit the accounts of participants designated by the initial purchasers with portions of the principal amount of the global notes; and

(2) ownership of these interests in the global notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the global notes).

Investors in the global notes who are participants in DTC's system may hold their interests therein directly through DTC. Investors in the global notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are participants in such system. All interests in a global note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in

definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a global note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a global note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional interest, if any, on a global note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the trustee will treat the persons in whose names the notes, including the global notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the trustee, the transfer agent, registrar, the paying agent nor any agent of the Issuer, nor the trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the global notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global notes; or

(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be our responsibility or that of DTC or the trustee. Neither the Issuer nor the trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and the Issuer and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the global notes and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC reserves the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A global notes and the Regulation S global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A global note is exchangeable for definitive notes in registered certificated form ("certificated notes") if:

(1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the global notes and DTC fails to appoint a successor depositary or (b) has ceased to be a clearing agency registered under the Exchange Act;

(2) the Issuer, at its option, notifies the trustee in writing that it has elected to cause the issuance of the certificated notes; or

(3) there has occurred and is continuing a default or event of default with respect to the notes.

In addition, beneficial interests in a global note may be exchanged for certificated notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the Indenture. In all cases, certificated notes delivered in exchange for any global note or beneficial interests in global notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions," unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated notes may not be exchanged for beneficial interests in any global note unless the transferor first delivers to the trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Transfer Restrictions."

Exchanges Between Regulation S Notes and Rule l44A Notes

Beneficial interests in the Regulation S global notes may be exchanged for beneficial interests in the Rule 144A global notes only if:

(1) such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A; and

(2) the transferor first delivers to the trustee a written certificate (in the form provided in the Indenture) to the effect that the notes are being transferred to a person:

(A) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;

(B) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(C) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interest in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in the Regulation S global note, whether before or after the expiration of the restricted period, only if the transferor first delivers to the trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S global notes and the Rule 144A global notes will be effected in DTC by means of an instruction originated by the DTC participant and approved by the trustee through the DTC Deposit/ Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S

global note and a corresponding increase in the principal amount of the Rule 144A global note or vice versa, as applicable. Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and will become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other global note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S global note prior to the expiration of the restricted period.

Same Day Settlement and Payment

The Indenture will require that payments in respect of the notes represented by the global notes (including principal, interest and Additional Amounts, if any) be made by wire transfer of immediately available funds in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts, to the accounts specified by holders of the global notes. With respect to notes in certificated form, the Issuer will make all payments by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each holder's registered address.

The notes represented by the global notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement process (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interest in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

TAXATION

The following discussion contains a description of certain material Brazilian, Luxembourg and United States federal tax considerations that may be relevant to the purchase, ownership and disposition of notes by a holder. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your own tax advisors about the tax consequences of investing in and holding the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

This summary is based upon tax laws of Brazil, Luxembourg and the United States as in effect on the date of this offering memorandum, which are subject to change, possibly with retroactive effect, and to differing interpretations. You should consult your own tax advisors as to the Brazilian, Luxembourg, the United States or other tax consequences of the purchase, ownership and disposition of notes.

Brazilian Taxation

The following discussion is a summary of the Brazilian tax considerations relating to the ownership and sale of the Notes by an investor resident or domiciled outside of Brazil ("Non-Brazilian Holder"). The discussion is based on the tax laws of Brazil as in effect on the date hereof and is subject to any change in the Brazilian law that may come into effect after such date as well as to the possibility that the effect of such change in the Brazilian law may be retroactive and apply to rights created on or prior to the date hereof. The information set forth below is intended to be a general description only and does not address all possible tax consequences relating to an investment in the notes and is not applicable to all categories of investors, some of which may be subject to special rules. The discussion below does not address any tax consequences under the tax laws of any state or locality of Brazil.

THE INFORMATION SET FORTH BELOW IS INTENDED TO BE A GENERAL DISCUSSION ONLY AND DOES NOT ADDRESS ALL POSSIBLE TAX CONSEQUENCES RELATING TO THE NOTES. HOLDERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE, REDEMPTION OR REPAYMENT OF THE NOTES.

Interest or principal payments

Generally, a Non-Resident Holder is taxed in Brazil only when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. Therefore, as the Issuer should not be considered as resident or domiciled in Brazil for tax purposes, any income (including the Accrued Interest, fees, commissions, expenses, and any other income payable by the Issuer in respect of the Notes in favor of Non-Resident Holders) should not be subject to withholding or deduction in respect of Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made with funds held by the Issuer outside of Brazil.

Gains realized from sale or disposition of the Notes

Capital Gains realized on the disposition of assets located in Brazil by a Non-Resident Holder to another non-resident are subject to taxation in Brazil, according to Section 26 of Law No. 10,833, enacted on December 29, 2003. Based on the fact that the Notes are issued and registered abroad, they should not fall within the definition of assets located in Brazil for purposes of Law No. 10,833. Hence, gains arising from the sale or disposition of the Notes (which for the purposes of this paragraph includes any deemed income on the difference between the issue price of the notes and the price at which the notes are redeemed, or "original discount") made outside Brazil by a Non-Resident Holder to another non-Brazilian resident should not be subject to Brazilian taxes.

However, considering the general and unclear scope of Law No. 10,833 and the absence of judicial guidance in respect thereof, we cannot assure prospective investors that such interpretation of this law will prevail in the courts of Brazil.

If the income tax is deemed to be due, the gains may be subject to income tax in Brazil at a rate of 15%, or 25% if such Non-Resident Holder is located in a jurisdiction that does not impose any income tax or which imposes it at a

maximum rate lower than 20% ("Low or Nil Tax Jurisdiction") or in a country or location where the laws impose restrictions on the disclosure of ownership composition or securities ownership or do not allow for the identification of the beneficial owner of income attributed to non-residents ("Tax Favorable Jurisdiction"). For Non-Resident Holders that are not in Tax Favorable Jurisdictions, as from January 1st, 2017, the 15% rate will be replaced by progressive rates ranging from 15% to 22.5%, according to the amount of the gain. A rate lower than 15% may be provided for in an applicable tax treaty between Brazil and the country where the Non-Resident Holder is domiciled. On December 12, 2014 the Brazilian Revenue Service issued Rule 488 narrowing the concept of Tax Favorable Jurisdictions to those that impose taxation on income at a maximum rate lower than 17% if the relevant jurisdiction is committed to adopt international standards on tax transparency. Under Brazilian Law, the aforementioned commitment is present if the relevant jurisdiction (i) has entered into (or concluded the negotiation of) an agreement or convention authorizing the exchange of information for tax purposes with Brazil and (ii) is committed to the actions discussed in international forums on tax evasion in which Brazil has been participating such as the Global Forum on Transparency and Exchange of Information. In certain circumstances, if income tax is not paid, the amount of tax charged could be subject to an upward adjustment, as if the amount received by the non-resident holder was net of taxes in Brazil (gross-up).

Payments Made by the Brazilian Guarantor

If, by any chance, a Brazilian source is required, as a guarantor, to assume the obligation to pay any amount in connection with the notes to a Non-Resident Holder (including principal and interest or any other amount that may be due and payable in respect of the notes), Brazilian tax authorities could attempt to impose withholding income tax upon the remittances.

Should the Brazilian guarantor be obliged to pay interest to a Non-Resident Holder in connection with the notes, withholding income tax at the rate of 15% may apply (or 25% if the Holder is located in a Tax Favorable Jurisdiction. See "—Discussion on Low or Nil Tax Jurisdiction"). There is some uncertainty regarding the applicable tax treatment to payments of the principal amount by the Brazilian guarantor to a Non-Resident Holder. However, there are arguments to sustain that payments made under the guarantee should be subject to imposition of the Brazilian income tax according to the nature of the guaranteed payment, in which case only interest paid by the guarantor should be subject to withholding income tax at the rate of 15% (or 25% if the Holder is located in a Tax Favorable Jurisdiction. See "—Discussion on Low or Nil Tax Jurisdiction"). However, there are no precedents from Brazilian courts endorsing that position and it is not possible to assure that such argument would prevail in court.

Please note that different rates may be applicable if the tax treaty between the country of residence of the Non-Resident Holder and Brazil sets forth a lower withholding income tax rate.

Discussion on Low or Nil Tax Jurisdiction

On June 4, 2010, Brazilian tax authorities enacted Normative Instruction No. 1,037 listing (1) Tax Favorable Jurisdictions and (2) the Privileged Tax Regimes, which definition is provided by Law No. 11,727, of June 23, 2008. As aforementioned, on December 12, 2014 the Brazilian Revenue Service issued Rule 488 narrowing the concept of Tax Favorable Jurisdictions to those that impose taxation on income at a maximum rate lower than 17%, provided that two conditions described above are met. Nevertheless, until now, there has been no amendment to Normative Ruling No. 1,037.

Although we believe that the best interpretation of the current tax legislation could lead to the conclusion that the above mentioned Privileged Tax Regime concept should apply solely for purposes of Brazilian transfer pricing and thin capitalization rules, we cannot assure you whether subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of a Privileged Tax Regime provided by Law No. 11,727 will also apply for purposes of the imposition of Brazilian withholding income tax on payments of interest to a Non-Resident Holder. If Brazilian tax authorities determine that payments made to a Non-Resident Holder under a Privileged Tax Regime are subject to the same rules applicable to payments made to non-residents located in a Favorable Tax Jurisdiction, the withholding income tax applicable to such payments could be assessed at a rate up to 25%.

We recommend prospective investors consult their own tax advisors from time to time to verify any possible tax consequences arising of Normative Ruling No. 1,037 and Law No. 11,727.

Other Brazilian Tax Considerations

Pursuant to Decree No. 6,306, of December 14, 2007, as amended, conversions of foreign currency into Brazilian currency or vice versa are subject to the tax on foreign exchange transactions ("IOF/Exchange"), including foreign exchange transactions in connection with payments made by a Brazilian guarantor under the guarantee to Non-Resident Holders. Currently, the IOF/Exchange rate is 0.38% for most foreign exchange transactions, including foreign exchange transactions in connection with payments under the guarantee by a Brazilian guarantor to non-Brazilian Holders.

Despite the above, in any case, the Brazilian Government can reduce the IOF/Exchange rate at any time down to 0% or increase the IOF/Exchange rate at any time up to 25%, but only with respect to future foreign exchange transactions.

Generally, there are no stamp, transfer or other similar taxes in Brazil with respect to the transfer, assignment or sale of the notes outside Brazil nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the notes, except for gift and inheritance taxes imposed by some Brazilian states on gifts and bequests by a Non-Resident Holder to individuals or entities domiciled or residing within such state.

Pursuant to Brazilian tax regulations, the Comgás Spin-Off with Substitution is not expected to result in any adverse tax consequences for holders of the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Luxembourg Tax Considerations

Luxembourg Income Tax Consequences

The following summary gives a summary of certain important Luxembourg taxation principles that may be or become relevant with respect to the noteholders and is presented by way of guidance only. It is based on laws, regulations and practice currently applicable in the Grand Duchy of Luxembourg at the date of this Offering Memorandum and is subject to changes therein, possibly with retroactive effect.

This summary does not purport to be a complete summary of tax law and practice currently applicable in Luxembourg and does not contain any statement with respect to the tax treatment of an investment in the notes in any other jurisdiction. The Issuer reserves the right to disclose the names of the noteholders, if applicable, or any other relevant information relating to the noteholders, to any tax authority where required by applicable law. If it does so, it shall advise the relevant noteholders unless prevented to do so by law. If the noteholders do not provide this information, the Issuer may be required to levy withholding tax on payments made to said noteholder and/or to close its account.

This summary does not describe all of the Luxembourg tax considerations that may be relevant to the situation of each Holder, particularly if they are subject to special tax rules. Each Holder should consult its tax advisors about the tax consequences of the investment in the Note including the relevance to each Holder's particular situation of the considerations discussed below, as well as of state, local and other tax laws.

This overview assumes that each transaction with respect to the notes is at arm's length.

Withholding Tax

Except as provided for by the Luxembourg law of 23 December 2005 (the "Law of 23 December 2005") introducing a domestic withholding tax on certain interest payments to Luxembourg resident individuals, under the existing laws of Luxembourg there is no withholding tax on payments of principal, premium or interest, or on accrued but unpaid interest, in respect of the notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the notes.

According to the Law of 23 December 2005, interest payments on the notes paid by a paying agent established in Luxembourg would be subject to a compulsory withholding tax of 10 % (the "10% withholding tax") if such payments are made for the immediate benefit of individuals resident in Luxembourg. The 10% withholding tax is levied by the aforementioned paying agent.

In the event that interest is paid to a Luxembourg resident individual or to a residual entity securing the payment for the benefit of such individual by a paying agent established in a EU Member State other than Luxembourg, or EEA State, or one of the states that concluded an agreement based on the EU Council Directive 2003/48/EC (so-called "EU Savings Directive"), the beneficiary may opt for the application of the 10% withholding tax in accordance with the Law of 23 December 2005 (the "10% tax"). The 10% tax is paid and declared by the beneficiary.

The 10% withholding tax and the 10% tax will operate a full discharge of income tax for Luxembourg resident individuals acting in the context of the management of their private wealth.

Further to Law 25 November 2014, as of 1 January 2015 all interest and interest-associated payments made or ascribed by a Luxembourg paying agent to or for the immediate benefit of individuals resident and so-called residual entities established in another Member State within the scope of the EU Savings Directive are subject to the automatic exchange of information between Luxembourg and the relevant Member States.

Income Taxation

Non-Resident noteholders

Non-resident noteholders, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the notes or income therefrom are attributable, are not subject to Luxembourg income taxes on income accrued or received, redemption premiums or issue discounts, under the notes nor on capital gains realized on the disposal or redemption of the notes. Non-residents noteholders who have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the notes or income therefrom are attributable are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the notes and on any gains realized upon the sale or disposal of the notes.

Resident noteholders

Individuals

A resident individual acting in the course of the management of a professional or business undertaking must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the notes, in its taxable income for Luxembourg income tax assessment purposes.

A resident holder of notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the notes, except if tax has been levied on such payments in accordance with the Law.

A gain realized by an individual holder of notes (not including accrued but unpaid interest), acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than 6 months after the notes were acquired.

Corporations

A resident holder of notes (which is not exempt) from income taxation must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the notes, in its taxable income for Luxembourg income tax assessment purposes.

A holder of the notes that is governed by the law of May 11, 2007 on family estate management companies (as amended), or by the law of December 17, 2010 on undertakings for collective investment (amending the law of December 20, 2002), or the law of February 13, 2007 on specialized investment funds (as amended) is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium, nor on gains realized on the sale or disposal, in any form whatsoever, of the notes.

Net Wealth Taxation

An individual holder of notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such notes.

A resident corporate holder of notes or non-resident corporate holder of notes that maintains a permanent establishment, permanent representative or a fixed place of business in Luxembourg to which such notes are attributable, is subject to Luxembourg wealth tax on such notes, except if such holder is a private wealth management company ("*société de gestion de patrimoine familial*") introduced by the law of 11 May 2007 (as amended), an undertaking for collective investment governed by the law of 17 December 2010 (amending the law of 20 December 2002), a securitization vehicle governed by and compliant with the law of 22 March 2004 on securitization (as amended), a company governed by and compliant with the law of 15 June 2004 (as amended) on venture capital vehicles, or a specialized investment fund governed by the law of 13 February 2007 (as amended).

Other Taxes

Neither the issuance nor the transfer of notes will give rise to any Luxembourg stamp duty, value-added tax, issuance tax, registration tax, transfer tax or similar taxes or duties, provided that the relevant issue or transfer agreement is not registered in Luxembourg. A fixed or ad valorem registration duty may however apply (i) upon voluntary registration of the notes in Luxembourg (there is in principle no obligation to register debt instruments in Luxembourg), (ii) in case of legal proceedings before a Luxembourg court, or (iii) in case the documents relating to the notes must be produced before an official Luxembourg authority (*autorité constituée*).

Where a holder of notes is a resident of Luxembourg for tax purposes at the time of his/her death, the notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of notes if embodied in a Luxembourg deed or registered in Luxembourg.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") was enacted into US law in March 2010 as part of the Hiring Incentives to Restore Employment Act. FATCA aims at reducing tax evasion by US citizens and requires foreign financial institutions outside the U.S. ("FFIs") to spontaneously provide information about financial accounts held, directly or indirectly, by specified U.S. persons to the U.S. Internal Revenue Service on an annual basis. A 30% withholding tax is imposed on certain U.S. sources of income of any FFI that fails to comply with this requirement ("FATCA Withholding").

To implement FATCA in Luxembourg, Luxembourg entered into a so-called Model 1 Intergovernmental Agreement ("IGA") with the U.S., and a memorandum of understanding in respect thereof, on 28 March 2014. The IGA was implemented in Luxembourg domestic law by Law of 24 July 2015 (the "Luxembourg FATCA Law"). Luxembourg FFIs which comply with the requirements of the IGA, will not be subject to FATCA Withholding.

Under the Luxembourg IGA, Luxembourg FFIs are required to perform certain necessary due diligence and monitoring of investors, and to report to the Luxembourg tax authorities on an annual basis information about financial accounts held by (a) specified US investors, (b) certain US controlled entity investors and (c) non-US financial institution investors that do not comply with FATCA. Under the Luxembourg IGA, such information will subsequently be remitted by the Luxembourg tax authorities to the U.S. Internal Revenue Service.

It is the intention of the Issuer to procure that it is treated as complying with the requirements that FATCA and the Luxembourg IGA imposes upon it. However, no assurance can be provided that the Issuer will be able to comply

with such requirements and, in the event that it is not able to do so, the Issuer could be exposed to fines which may reduce the amounts available to it to make payments to its noteholders.

Noteholders may be required to provide information to the Issuer to comply with its reporting obligations under the IGA. To ensure the Issuer's compliance with the IGA and the Luxembourg FATCA Law in accordance with the foregoing, the Issuer may:

- request information or documentation, including self-certification forms, a global intermediary identification number, if applicable, or any other valid evidence of an Holder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such investor's FATCA status;

- report information concerning a noteholder and his account holding in the Issuer to the Luxembourg tax authorities if such account is deemed a U.S. reportable account under the Luxembourg IGA; and

- report information to the Luxembourg tax authorities concerning payments to account noteholders with the FATCA status of non-participating foreign financial institution.

Noteholders are not required to provide the abovementioned information. If noteholders do not provide this information, the Issuer may need to exchange financial account information of such noteholder to Luxembourg tax authorities who would forward such information to the IRS. If the IRS would not receive this information, then under U.S. FATCA rules, the Issuer may be required to withhold 30% withholding tax on payments made to said noteholder and to close its account.

Noteholders should contact their own tax advisers regarding the application of FATCA to their particular circumstances and their investment in the notes.

Certain U.S. Federal Income Tax Consequences

The following summary describes certain U.S. federal income tax consequences to U.S. Holders (as defined below) of owning and disposing of the notes purchased in this offering at the "issue price," which is the first price at which a substantial amount of the notes is sold to the public, and held as capital assets for U.S. federal income tax purposes.

Due to the factual nature of the inquiry, the U.S. federal income tax consequences related to the Substitution (as defined below) are uncertain. The Issuer has not sought and does not intend to seek any ruling from the Internal Revenue Service (the "IRS") with respect to the statements made and the conclusions reached in the following discussion. There can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your individual circumstances, including alternative minimum tax and Medicare contribution tax consequences, as well as differing tax consequences that may apply to you if you are, for instance:

- a financial institution;
- an insurance company;
- a dealer or trader in securities that uses a mark-to-market method of tax accounting;
- a person holding notes as part of a "straddle" or other integrated transaction;
- a person whose functional currency is not the U.S. dollar;
- an entity classified as a partnership for U.S. federal income tax purposes or an investor therein;
- a tax-exempt entity; or
- a U.S. expatriate.

If an entity treated as a partnership for U.S. federal income tax purposes holds notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding notes, you should consult your tax adviser.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as in effect as of the date hereof, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein. This summary is for general information only and is not tax advice for any particular U.S. Holder. Additionally, this summary does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income taxes. You should consult your tax adviser concerning the U.S. federal income tax consequences in light of your particular situation, as well as any consequences arising under other U.S. federal tax laws or the laws of any state, local, non-U.S. or other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Characterization of the Notes. To the extent that it is required to take a position for U.S. federal income tax purposes, the Issuer intends to take the position that the notes constitute debt of the Issuer for U.S. federal income tax purposes. However, no ruling will be obtained from the IRS with respect to the characterization of the notes, and there can be no assurance that the IRS or a court would agree with this characterization of the notes. Because of the capital structure of the Issuer or otherwise, it is possible that the notes could be treated as debt of the guarantor. The discussion below assumes that the notes will be treated as debt of the Issuer for U.S. federal income tax purposes.

Potential Contingent Payment Debt Treatment. In certain circumstances, you may receive payments on the notes other than on scheduled interest payment dates and at maturity. In the event of a Change of Control that results in a Ratings Decline, the Issuer would generally be required to offer to repurchase the notes at an amount in excess of their principal amount plus accrued and unpaid interest to the date of purchase (see "Description of Notes—Certain Covenants—Repurchase of Notes upon a Change of Control"). The obligation to make these payments may implicate the provisions of the Treasury regulations relating to "contingent payment debt instruments." The Issuer intends to take the position, and the remainder of this discussion assumes, that the notes will not be treated as "contingent payment debt instruments." The Issuer's determination is not, however, binding on the IRS, which could challenge this position. If such a challenge were successful, you might be required to accrue income on the notes in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of a note. The discussion below assumes that the notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

Payments of Interest. Stated interest paid on a note will be taxable as ordinary interest income at the time it accrues or is received by you, in accordance with your method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes. Interest income with respect to a note generally will constitute foreign-source income for U.S. federal income tax purposes, which is relevant in calculating your foreign tax credit limitation. The rules governing foreign tax credits are complex, and you should consult your tax adviser regarding the availability of foreign tax credits in your particular circumstances.

Sale or Other Taxable Disposition of the Notes. Upon the sale, exchange, retirement or other taxable disposition of a note, you generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, retirement or other taxable disposition and your tax basis in the note. Gain or loss, if any, will generally be U.S.-source income for purposes of computing your foreign tax credit limitation. For these purposes, the amount realized does not include any amount attributable to accrued but unpaid interest, which will be treated as interest as described above under "—Payments of Interest." Subject to the discussion below

regarding the consequences of the Substitution, your adjusted tax basis in a note will generally equal the cost of the note.

Gain or loss, if any, realized on the sale, exchange, retirement or other taxable disposition of a note generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, retirement or other taxable disposition the note has been held for more than one year. Long-term capital gain recognized by non-corporate U.S. Holders is subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Substitution of the Issuer. As described above under "Summary—Recent Developments—Comgás Spin-Off," if the Comgás Spin-Off with Substitution occurs, an entity currently expected to be called Comgás Luxembourg S.A. will replace the Issuer and assume the Issuer's obligations in respect of the notes, and either Comgás Holding or Comgás will replace Cosan and assume the guarantee of the notes (such replacements and assumptions, the "Substitution"). The U.S. federal income tax consequences to you of the Substitution, if it occurs, will depend upon whether the Substitution results in a "significant modification" of the notes and, thus, a deemed exchange of the notes for "new" notes, with respect to which gain or loss may be recognized for U.S. federal income tax purposes. Whether the Substitution results in a "significant modification" will depend on a variety of factors, including whether the notes are considered debt of the Issuer (rather than debt of the guarantor) for U.S. federal income tax purposes and whether the Issuer is treated as having transferred substantially all of its assets to Comgás Luxembourg S.A. in connection with the Substitution, which itself will depend in part on the results of the Issuer's concurrent tender offer to purchase any and all of its 2018 Notes and 2023 Notes. While uncertain, it would be prudent to assume that the Substitution, if it occurs, will result in a deemed exchange of the notes for "new" notes, which would be taxable to U.S. Holders.

If there is a deemed exchange, then you will recognize taxable gain or loss equal to the difference (if any) between the "issue price" of the "new" notes at the time of the deemed exchange (excluding the portion thereof attributable to accrued interest on the "old" notes, which will be taxable as ordinary interest income to the extent not previously included in gross income, as described above in "—Payments of Interest") and your adjusted tax basis in the "old" notes deemed to have been exchanged therefor. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if the "old" notes have been held for more than one year. Your adjusted tax basis in the "new" notes will equal their issue price, and you will have a new holding period in the "new" notes commencing on the day after the deemed exchange.

In addition, if the issue price of the "new" notes as of the date of the deemed exchange is less than their principal amount by more than a *de minimis* amount, you could be treated as acquiring the "new" notes with original issue discount ("OID"). Such OID would be included in income as it accrued, regardless of your regular method of tax accounting, and regardless of when any related cash was actually received. The determination of the issue price of the "new" notes depends on whether the notes are considered publicly traded before and/or after the Substitution. Assuming the notes are considered to be "publicly traded" within the meaning of the relevant Treasury regulations, the issue price of the "new" notes deemed to be received in the deemed exchange would equal their fair market value at the time of the Substitution. Although no assurances can be given in this regard, the Issuer believes that the notes are likely to be considered "publicly traded" for purposes of determining the issue price of any "new" notes. The Issuer's determination of whether the "old" and "new" notes are publicly traded, and if so, the issue price of the "new" notes received in the deemed exchange, which the Issuer will make available (if it determines that it is required to do so) within 45 days after the date of the Substitution (or such other period as required by law), is binding on you unless you explicitly disclose to the IRS, on your timely filed U.S. federal income tax return for the taxable year that includes the date of the deemed exchange, that your determination is different from the Issuer's, the reason for your different determination, and, if appropriate, how you determined the issue price. The rules regarding the determination of issue price are complex and highly detailed, and you should consult your tax adviser regarding the determination of the issue price of the "new" notes in the event the Substitution were to result in a deemed exchange.

If the issue price of the "new" notes as of the date of the deemed exchange is more than their principal amount, you will be considered to have purchased the note with amortizable bond premium. In general, the amortizable bond premium with respect to any note is the excess of the purchase price over the principal amount and you may elect to amortize this bond premium, using a constant-yield method, over the remaining term of the note. Because of the optional redemption features of the notes, special rules apply that may reduce or eliminate the amount of bond premium that you may amortize with respect to a "new" note. You generally may use the amortizable bond premium

allocable to an accrual period to offset stated interest otherwise required to be included in income with respect to the note in that accrual period. An election to amortize bond premium applies to all taxable debt obligations then owned or thereafter acquired and may be revoked only with the consent of the IRS.

The U.S. federal income tax consequences of the Substitution depend on the facts and circumstances and are not entirely clear. You should consult your tax adviser regarding potential alternative treatments of the Substitution.

Information Reporting and Backup Withholding. Payments of interest and proceeds from the sale of a note that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) you are an exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the IRS. You should consult your tax adviser concerning the application of information reporting and backup withholding rules.

Additional Considerations With Respect to the New Notes

Certain U.S. federal income tax consequences relating to acquiring, owning and disposing of New Notes are described elsewhere in this offering memorandum under the heading "Taxation—Certain U.S. Federal Income Tax Consequences." In addition, the following U.S. federal income tax consequences apply to a U.S. Holder (as defined in "Taxation—Certain U.S. Federal Income Tax Consequences" in this offering memorandum) who purchases a New Note pursuant to this offering for a price set forth on the cover of this offering memorandum.

Qualified Reopening. The New Notes should be treated as having been issued in a "qualified reopening" of the Existing Notes for U.S. federal income tax purposes. Debt instruments issued in a qualified reopening are deemed to be part of the same issue as the original debt instruments. Under the treatment described in this paragraph, the New Notes should be deemed to have the same issue date and issue price as the Existing Notes. The remainder of this discussion assumes that this offering is treated as a qualified reopening of the Existing Notes for U.S. federal income tax purposes.

Pre-Acquisition Accrued Interest. A portion of the price paid for the New Notes offered hereby will be allocable to interest that will have accrued prior to the date the New Notes are purchased, or the pre-acquisition accrued interest. Amounts treated as a return of pre-acquisition accrued interest should not be taxable when received. Under this treatment, a U.S. Holder's adjusted basis in a New Note generally will be equal to the cost of the New Note reduced by the amount of any pre-acquisition accrued interest.

Amortizable Bond Premium. If a U.S. Holder purchases a New Note for an amount that is greater than its principal amount (disregarding any pre-acquisition accrued interest), it will be considered to have purchased the New Note with amortizable bond premium. In general, the amortizable bond premium with respect to any New Note is the excess of the purchase price over the principal amount. A U.S. Holder may elect to amortize this bond premium, using a constant-yield method, over the remaining term of the New Note. If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income. A U.S. Holder's tax basis in a New Note will generally be reduced by any amortized bond premium on such New Note. The optional redemption features of the New Notes may adversely affect the value of the amortizable bond premium.

Market Discount. If a U.S. Holder purchases a New Note for an amount that is less than its principal amount (disregarding any pre-acquisition accrued interest), the difference generally will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified "de minimis" amount. If a U.S. Holder is treated as purchasing a New Note with market discount, it will generally be required to treat any gain on the sale, retirement at maturity or other taxable disposition of the New Note as ordinary income to the extent of the market discount accrued on the New Note at the time of the payment or disposition, unless the U.S. Holder has elected to include this market discount in income (as ordinary income) as it accrues. A U.S. Holder will increase its tax basis in the New Note by any accrued market discount that is included in income. If a U.S. Holder disposes of a New Note that it purchased with market discount in one of certain nontaxable transactions, accrued market discount will be includible as ordinary income as if the U.S. Holder had sold the New Note in a taxable transaction

at its then fair market value. In addition, a U.S. Holder may be required to defer, until the maturity of the New Note or its earlier disposition (including in one of certain nontaxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry the New Note.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in (i) with respect to the Existing Notes, the purchase agreement dated June 9, 2016, among the Issuer, the guarantor and the initial purchasers of the Existing Notes, and (ii) with respect to the New Notes, the purchase agreement dated July 11, 2016, among the Issuer, the guarantor and the initial purchasers of the New Notes (together with the initial purchasers of the Existing Notes, hereinafter referred to simply as the initial purchasers, the Issuer has agreed to sell, and the initial purchasers have agreed, severally and not jointly, subject to certain conditions, to purchase, the following principal amount of notes.

Notes	Principal Amount of Notes
Existing Notes	U.S.$500,000,000
New Notes	150,000,000
Total	**U.S.$650,000,000**

The purchase agreements provide that the initial purchasers are obligated to purchase all of the notes if any are purchased. The purchase agreements also provide that if an initial purchaser defaults, the purchase commitments of the non-defaulting initial purchasers may be increased or the offering may be terminated.

The notes were initially offered at the respective prices indicated on the cover page of this offering memorandum. The Issuer and the guarantor were advised by the initial purchasers that they may allow a further discount on sales to certain dealers. After the initial offering of the notes, the offering price and other selling terms may from time to time be varied by the initial purchasers. The purchase agreements provide that the obligations of the initial purchasers to pay for and accept delivery of the notes is subject to, among other conditions, the delivery of certain legal opinions of their counsel.

The Issuer and the guarantor have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The Issuer and the guarantor will agree in the purchase agreement that, for a period of 30 days from the date of this offering memorandum, they will not, without the prior written consent of the initial purchasers, offer, sell, or contract to sell or announce the offering of, any similar U.S. dollar-denominated debt securities in the international capital markets issued or guaranteed by the Issuer or the guarantor (other than the notes).

The initial purchasers are not obligated to make a market in the notes. Accordingly, the Issuer and the guarantor cannot assure you as to the liquidity of, or trading markets for, the notes.

To facilitate the offering of the notes, the initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the initial purchasers may overallot in connection with this offering, creating a short position in the notes for its own account. In addition, to cover overallotments or to stabilize the price of the notes, the initial purchasers may bid for, and purchase, notes on the open market. Finally, the initial purchasers may reclaim selling concessions allowed to a dealer for distributing the notes in this offering, if the initial purchasers repurchase previously distributed notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The initial purchasers are not required to engage in these activities, and may end any of these activities at any time.

Certain of our board members and executive officers have purchased, through their respective affiliates and/or agents, notes in this offering.

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, Cosan and/or their affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the initial

purchasers also acted as dealer managers for the tender offer and as solicitation agent for the consent solicitation in connection with the 2018 Notes and the 2023 Notes, for which they received customary fees.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and may actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Cosan and/or their affiliates. If the initial purchasers or their affiliates have a lending relationship with the Issuer or Cosan, they routinely hedge their credit exposure to the Issuer and Cosan consistent with their customary risk management policies. Typically, the initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Securities offered hereby. Any such short positions could adversely affect future trading prices of the Securities offered hereby.

The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with sales of the notes outside the United States, each initial purchaser has agreed that it will not offer, sell or deliver the notes to, or for the account or benefit of, U.S. persons (1) as a part of its distribution at any time or (2) otherwise prior to 40 days after the later of the commencement of the offering and the closing of the offering, within the United States or to, or for the account or benefit of, U.S. persons, other than in accordance with Rule 144A, and it will send to each dealer to whom it sells notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the expiration of the 40-day restricted period referred to above, an offer or sale of Securities within the United States by a dealer (whether or not it is participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act. Resales of the notes are restricted as described below under "Transfer Restrictions."

The initial purchasers delivered the notes to purchasers in book-entry form through The Depository Trust Company, or DTC, and its participants, including Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, société anonyme, or Clearstream, on (i) June 20, 2016 in the case of the Existing Notes, and (ii) July 18, 2016 in the case of the New Notes.

Selling Restrictions

No action has been taken in any jurisdiction by us or the initial purchasers that would permit a public offering of the notes offered hereby in any jurisdiction where action for that purpose is required. The notes offered hereby may not be offered or sold, directly or indirectly, nor may this offering memorandum or any other offering material or advertisements in connection with the offer and sale of the notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of such jurisdiction. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the notes and the distribution of this offering memorandum. This offering memorandum does not constitute an offer to purchase or a solicitation of an offer to sell any of the notes offered hereby in any jurisdiction in which such an offer or a solicitation is unlawful.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a

misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

In relation to each Member State of the European Economic Area (each, a "Member State"), there shall be no offer of notes to the public in that Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Directive (as defined blow), except that, with effect from and including the Relevant Implementation Date, an offer of notes may be made to the public in that Member State at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the joint book-running managers for any such offer; or
- in any other circumstances which do not require the publication by the issuers or any guarantor of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this provision, (a) the expression an "offer of notes to the public" in relation to any of the notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, (b) the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in each Member State.

United Kingdom

Each of the initial purchasers, severally and not jointly, has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by them in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Securities in, from or otherwise involving the United Kingdom.

In addition, in the United Kingdom, this offering memorandum is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This offering memorandum must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this offering memorandum relates is only available to, and will be engaged in with, relevant persons.

Grand Duchy of Luxembourg

The notes may not be offered or sold within the territory of the Grand Duchy of Luxembourg unless:

(a) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* in accordance with the Prospectus Law and implementing the Prospectus Directive, as amended by the Law of July 3, 2012 which has implemented in Luxembourg law the 2010 PD Amending Directive and as amended from time to time; or

(b) if Luxembourg is not the home member State, the Commission de Surveillance du Secteur Financier has been notified by the competent authority in the home member state that the prospectus has been duly approved in accordance with the Prospectus Directive and the 2010 PD Amending Directive; or

(c) the offer is made to "qualified investors" as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or

(d) the offer benefits from any other exemption to, or constitutes a transaction otherwise not subject to, the requirement to publish a prospectus.

France

No offering memorandum (including any amendment, supplement or replacement thereto) has been prepared in connection with this offering of the notes that has been approved by the *Autorité des Marchés Financiers* or by the competent authority of another state that is a contracting party to the Agreement on the EEA and notified to the *Autorité des Marchés Financiers*; no notes have been offered or sold and will be offered or sold, directly or indirectly, to the public in France except to permitted investors ("Permitted Investors") consisting of persons licensed to provide the investment service of portfolio management for the account of third-parties, qualified investors (*investisseurs qualifiés*) acting for their own account and/or corporate investors meeting one of the four criteria provided in article D. 341-1 of the French Code *Monétaire et Financier* and belonging to a limited circle of investors (*cercle restreint d'investisseurs*) acting for their own account, with "qualified investors" and "limited circle of investors" having the meaning ascribed to them in Article L. 411-2, D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code *Monétaire et Financier*; none of this offering memorandum or any other materials related to the offer or information contained therein relating to the notes has been released, issued or distributed to the public in France except to Permitted Investors; and the direct or indirect resale to the public in France of any notes acquired by any Permitted Investors may be made only as provided by articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code *Monétaire et Financier* and applicable regulations thereunder.

Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1,156 of the Swiss Code of Obligations. The notes will not be listed on the SIX Swiss Exchange and, therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe to the notes with a view to distribution. The prospective investors must be individually approached by a dealer from time to time.

Republic of Ireland

The notes are not being offered, directly or indirectly, to the general public in Ireland and no offers or sales of any securities under or in connection with this offering memorandum may be effected except in conformity with the provisions of Irish law including the Irish Companies Acts 1963 to 2009, the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland, the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland and the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland.

Italy

The offering of the notes has not been registered pursuant to Italian securities legislation and, accordingly, no notes may be offered, sold or delivered, nor may copies of this offering memorandum or of any other document relating to the notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("Regulation No. 11971"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of the Regulation No. 11971.

Any offer, sale or delivery of the notes or distribution of copies of this offering memorandum or any other document relating to the notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the "Banking Act"); and

(b) in compliance with Article 129 of the Banking Act, as amended, and implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Brazil

The notes have not been and will not be issued nor publicly placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the notes has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes in Brazil is not legal without prior registration under Law No. 6,385/76 and CVM Instruction No. 400. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the notes to the public in Brazil. Therefore, each of the initial purchasers has, severally and note jointly, represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation or an unauthorized distribution of securities in the Brazilian capital markets regulated by Brazilian legislation.

Persons wishing to offer or acquire the notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Chile

Neither the issuer nor the notes are registered in the Securities Registry (*Registro de Valores*) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*), or SVS, or subject to the control and supervision of the SVS. This offering memorandum and other offering materials relating to the offer of the notes do not constitute a public offer of, or an invitation to subscribe for or purchase, the notes in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

Ni el emisor ni los valores están inscritos en el Registro de Valores o el Registro de Valores Extranjeros de la Superintendencia de Valores y Seguros de Chile ("SVS"), o sujetos al control y la supervisión de la SVS. El presente prospecto y los otros materiales relativos a la oferta de los valores no constituye una oferta pública de, ni una invitación a suscribir o comprar, tales valores en la República de Chile, salvo a compradores individualmente identificados conforme a una oferta privada en los términos del artículo 4 de la Ley de Mercado de Valores (una oferta que no está "dirigida al público en general o a un cierto sector o grupo específico de éste").

Peru

The notes and the information contained in this offering memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the notes and therefore, the disclosure obligations set forth therein will not be applicable to the issuer or the sellers of the notes before or after their acquisition by prospective investors. The notes and the information contained in this offering memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian National Supervisory Commission of Companies and Securities (*Comisión Nacional Supervisora de Empresas y Valores*) nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

The notes have been registered with the Superintendency of Banking, Insurance and Private Pension Funds (*Superintendencia de Bancos, Seguros y Administradoras Privadas de Fondos de Pensiones*) so that they could qualify as eligible instruments and be acquired by Peruvian Private Pension Funds Administrators

Mexico

The notes have not been, and will not be, registered with the National Securities Registry maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), or the CNBV, and, therefore the notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that the common shares may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

Colombia

The notes have not been offered or sold, and will not be offered or sold, in Colombia other than in compliance with applicable laws.

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Securities.

Hong Kong

Each of the initial purchasers has, severally and not jointly, represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The notes offered in this offering memorandum have not been registered under the Securities and Exchange Law of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration

requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore, or the SOFA, and accordingly, the initial purchasers may not offer nor sell the Securities pursuant to an offering nor make the Securities the subject of an invitation for subscription or purchase, nor will the initial purchasers circulate or distribute this offering memorandum or and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the notes, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) or any person, pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Each holder of the notes should note that any subsequent sale of the notes acquired pursuant to an offer in this offering memorandum made under exemptions (a) or (b) above within a period of six months from the date of initial acquisition is restricted to (i) institutional investors (as defined in Section 4A of the SFA), (ii) relevant persons as defined in Section 275(2) of the SFA, and (iii) persons pursuant to an offer referred to in Section 275(1A) of the SFA.

Where the notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

United Arab Emirates

The notes may not be, have not been and are not being sold, subscribed for, transferred or delivered in the UAE other than in compliance with the laws of the UAE governing the sale, subscription for, transfer and delivery of securities.

Dubai International Financial Centre

The notes may not be, are not and will not be sold, subscribed for, transferred or delivered, directly or indirectly, to any person in the Dubai International Financial Centre who is not a client within the meaning of the Conduct of Business Module of the Rules of the Dubai Financial Services Authority or a qualified investor within the meaning of the Offered Securities Rules of the Dubai Financial Services Authority.

TRANSFER RESTRICTIONS

The notes have not been registered under the Securities Act or any other U.S. securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable U.S. securities laws. Accordingly, the notes and guarantee are being offered and sold only:

(1) to qualified institutional buyers in compliance with Rule 144A under the Securities Act; or

(2) outside the United States to persons other than U.S. persons, in an offshore transaction in compliance with Regulation S under the Securities Act.

The terms "United States," "U.S. persons," and "offshore transaction" used in this section have the meanings given to them under Regulation S. The term "qualified institutional buyer" used in this section has the meaning given to it under Rule 144A.

Each purchaser of the notes offered, or the Restricted Notes, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) The purchaser is either:

(A) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A and such qualified institutional buyer is acquiring such notes for its own account or for the account of another qualified institutional buyer; or

(B) not a U.S. person (as defined in Regulation S under the Securities Act), and is purchasing the notes in accordance with Regulation S under the Securities Act. The purchaser acknowledges that the seller may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or other exemptions under the Securities Act.

(2) The purchaser understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been registered under the Securities Act or any U.S. securities laws and that (A) the notes may be reoffered, resold, pledged or otherwise transferred only (1) (a) to a person who the purchaser reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (b) outside the United States to a person that is not a U.S. person (as defined in Regulation S under the Securities Act) in an offshore transaction meeting the requirements of Regulation S under the Securities Act or (c) pursuant to another available exemption under the Securities Act; (2) to us or any of our consolidated subsidiaries or (3) under an effective registration statement and, in each case, in compliance with any applicable securities laws of any State of the United States or any other applicable jurisdiction and (B) the purchaser will, and each subsequent holder is required to, notify any later purchaser from it of the resale restrictions described in (A) above.

(3) The purchaser confirms that (A) it has requisite knowledge and experience in financial and business matters so that it is capable of evaluating the merits and risks of purchasing notes, and the purchaser and any accounts for which it is acting are each able to bear the economic risks of its or their investment, including a complete loss of the investment, (B) it is not acquiring notes with a view to any distribution of the notes in a transaction that would violate the Securities Act or the securities laws of any State of the United States or another applicable jurisdiction; provided that the disposition of its property and the property of any accounts for which the purchaser is acting as fiduciary shall remain at all times within its control and (C) it has received a copy of this offering memorandum and acknowledges that the purchaser has had access to the financial and other information, and has been afforded the opportunity to ask questions of our representatives and receive answers to those questions, as it deemed necessary in connection with its decision to purchase notes.

(4) The purchaser acknowledges that we and the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the foregoing acknowledgments, representations or agreements deemed to have been made by it are no longer accurate, it shall promptly notify the issuer, the guarantor of the notes and the initial purchasers. If such purchaser is acquiring any notes as a fiduciary or agent for one or more investor accounts, such purchaser represents that it has sole investment

discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(5) If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the "40-day distribution compliance period" within the meaning of Rule 903 of Regulation S, any offer or sale of the notes shall not be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(k) of the Securities Act, except to a qualified institutional buyer in compliance with Rule 144A under the Securities Act in a transaction meeting the requirements of the Indenture.

(6) The purchaser understands that the Restricted Notes will bear a legend substantially to the following effect, or the Restricted Notes Legend:

> THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT, AND THIS NOTE MAY NOT BE REOFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER OR ANY SUBSIDIARY THAT (A) THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES TO A PERSON THAT IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO ANOTHER AVAILABLE EXEMPTION UNDER THE SECURITIES ACT, (IV) TO THE ISSUER OR ANY SUBSIDIARY OF THE ISSUER OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES; AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. THIS LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

Each purchaser of the notes offered in reliance on Regulation S will be deemed to have represented and agreed that it is not a U.S. person and is purchasing such notes in an offshore transaction (as such terms are defined in Regulation S) pursuant to Regulation S and understands that such notes will bear a legend substantially to the following effect, or the Regulation S Legend:

> THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION ORIGINALLY EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT, AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.

Restricted Notes may be exchanged for notes not bearing the Restricted Notes Legend but bearing the Regulation S Legend upon certification by the transferor in the form set forth in the Indenture that the transfer of any such Restricted Notes has been made in accordance with Rule 904 under the Securities Act.

LEGAL MATTERS

The validity of the notes will be passed upon for us and the issuer by Davis Polk & Wardwell LLP and for the initial purchasers by White & Case LLP. Certain Brazilian legal matters relating to the notes and the guarantee will be passed upon for us and the issuer by Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados and for the initial purchasers by Barbosa Müssnich Aragão. Certain Luxembourg legal matters relating to the notes will be passed upon for the issuer by Loyens & Loeff Luxembourg S.à r.l., Avocats à la Cour.

INDEPENDENT AUDITORS

Cosan's financial statements as of and for the fiscal year ended December 31, 2014 (with the comparative period of the nine months ended December 31, 2013), included elsewhere in this offering memorandum, have been audited by PricewaterhouseCoopers Auditores Independentes, as stated in their report appearing herein. PricewaterhouseCoopers Auditores Independentes is a member of the Regional Accounting Council (*Conselho Regional de Contabilidade*) of the State of São Paulo.

Cosan's financial statements as of and for the fiscal year ended December 31, 2015, included elsewhere in this offering memorandum, have been audited by KPMG Auditores Independentes, as stated in their report appearing herein. KPMG Auditores Independentes is a member of the Regional Accounting Council (*Conselho Regional de Contabilidade*) of the State of São Paulo.

With respect to Cosan's unaudited interim financial statements as of and for the three-month period ended March 31, 2016, included elsewhere in this offering memorandum, KPMG Auditores Independentes reported that they have applied limited procedures in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively) for a review of such information. However, their separate report included elsewhere in this offering memorandum states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Comgás's financial statements as of and for the year ended December 31, 2014 included elsewhere in this offering memorandum have been audited by PricewaterhouseCoopers Auditores Independentes, as stated in their report appearing herein.

Comgás's financial statements as of and for the fiscal year ended December 31, 2015, included elsewhere in this offering memorandum, have been audited by KPMG Auditores Independentes, as stated in their report appearing herein.

With respect to Comgás's unaudited interim financial statements as of and for the three-month periods ended March 31, 2016, included elsewhere in this offering memorandum, KPMG Auditores Independentes reported that they have applied limited procedures in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively) for a review of such information. However, their separate report included elsewhere in this offering memorandum states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance through DTC, and its direct and indirect participants, including Clearstream and Euroclear. As of August 29, 2016, the New Notes offered and sold in compliance with Regulation S have the same CUSIP, ISIN and Common Code numbers as the Existing Notes The CUSIP, ISIN and Common Code numbers for the notes are as follows:

	Rule 144A Global Note	Regulation S Global Note (Permanent)	Regulation S Global Note (Temporary)
CUSIP	22112E AC2	L20041 AD8	L20041 AE6
ISIN	US22112EAC21	USL20041AD89	USL20041AE62
Common Code	143466671	143466612	145127416

2. Copies of the latest audited annual financial statements and unaudited quarterly financial information of Cosan and Comgás, copies of the Issuer's articles of association and Comgás Holding's, Cosan's and Comgás's *estatuto social* (by-laws) and the deed of incorporation and articles of association, as applicable, as well as the Indenture (including forms of notes) and the guarantee, will be available (free of charge) at the offices of any paying agent. The Issuer will make available copies of its yearly financial statements at the offices of any paying agent.

3. Except as disclosed in this offering memorandum, there has been no material adverse change in Cosan's financial position since September 30, 2016, the date of Cosan's latest unaudited financial statements included in this offering memorandum.

4. Except as disclosed in this offering memorandum, there has been no material adverse change in Comgás's financial position since September 30, 2016, the date of Comgás's latest unaudited financial statements included in this offering memorandum.

5. There has been no material adverse change in the Issuer's financial position since December 31, 2015, the date of its latest unaudited financial statements.

6. There has been no material adverse change in the prospects of the Issuer since December 31, 2015, the date of its latest unaudited financial statements, or the Guarantor since September 30, 2016, the date of the Guarantor's latest unaudited financial statements included in this offering memorandum.

7. Application has been made to list the notes offered pursuant to this offering memorandum on the Official List of the Luxembourg Stock Exchange and to have them traded on the Euro MTF Market.

8. The issuance of the Existing Notes in connection with this offering was authorized by board of directors of the Issuer on June 9, 2016. The issuance of the guarantee with respect to the Existing Notes by the guarantor was authorized by the board of directors of the guarantor on June 9, 2016. The issuance of the New Notes in connection with this offering was authorized by board of directors of the Issuer on July 11, 2016. The issuance of the guarantee with respect to the New Notes by the guarantor was authorized by the board of directors of the guarantor on July 11, 2016.

9. We are not involved in any legal, administrative or arbitration proceeding that is material in the context of the issuance of the notes. We are not aware of any material legal, administrative or arbitration proceeding that is pending or threatened against us except as disclosed in this offering memorandum.

10. The Issuer is not involved in any legal, administrative or arbitration proceeding that is material in the context of the issuance of the notes. We are not aware of any material legal, administrative or arbitration proceeding that is pending or threatened against the Issuer except as disclosed in this offering memorandum.

ENFORCEABILITY OF CIVIL LIABILITIES

Enforcement of Judgments in Luxembourg

The issuer is and the Substitute Issuer will be a company incorporated and established under the laws of the Grand Duchy of Luxembourg under the form of a public limited liability company (*société anonyme*) and it may be difficult for you to obtain or enforce judgments against it or its directors in the United States.

The issuer is and the Substitute Issuer will be organized under the laws of the Grand Duchy of Luxembourg. Most of its assets are located outside the United States. Furthermore none of the issuer's directors resides in the United States. As a result, investors may find it difficult to effect service of process within the United States upon the issuer or these persons or to enforce outside the United States judgments obtained against the issuer or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against the issuer or these persons. Luxembourg law, furthermore, does not recognize a shareholder's right to bring a derivative action on behalf of the issuer. It may be possible for investors to effect service of process within Luxembourg upon the issuer provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

As there is no treaty in force governing the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and the Grand Duchy of Luxembourg, courts in Luxembourg will not automatically recognize and enforce a final judgment rendered by a U.S. court. A valid final, non-appealable and conclusive judgment against an issuer incorporated in Luxembourg with respect to the notes obtained from a court of competent jurisdiction in the United States remains in full force and effect after all appeals as may be taken in the relevant state or federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg, subject to compliance with the enforcement procedures (*exequatur*) set out in Article 678 *et seq*. of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*) and Luxembourg case-law, being:

- the judgment of the U.S. court is enforceable (*exécutoire*) in the United States;
- the U.S. court had full jurisdiction over the subject matter leading to the judgment (that is, its jurisdiction was in compliance both with Luxembourg private international law rules and with the applicable domestic U.S. federal or state jurisdictional rules);
- the U.S. court has applied to the dispute the substantive law which would have been applied by Luxembourg courts or, at least, the order must not contravene the principles underlying those rules;
- the judgment must not have been obtained subsequent to a breach of Luxembourg law (*fraude à la loi*) and must have been granted in compliance with the rights of the defendant to appear, and if the defendant appeared, to present its defense;
- the U.S. court has acted in accordance with its own procedural laws; and
- the considerations of the foreign order, as well as the judgment, do not contravene international public policy as understood under the laws of Luxembourg or have been given proceedings of a penal, criminal or tax nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty).

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law (i) if the choice of such foreign law was not made bona fide or (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law as contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

In practice, Luxembourg courts now tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review.

In a judgment of the Luxembourg District Court, dated January 10, 2008, the Court differed slightly from the traditional rules for enforcing a judgment described above, and decided that, in order to enforce a foreign judgment in Luxembourg, a Luxembourg judge has to make sure that three conditions are fulfilled: (1) the "indirect" competence of the foreign judge based on the connection of the litigation with such judge, (2) the conformity with international public policy requirements, both substantive and procedural, and (3) the absence of fraud to the law. In the judgment, the District Court held that the Luxembourg judge does not need to verify that the (substantive) law applied by the foreign judge is the law which would have been applicable according to Luxembourg conflict of law rules.

Whether the District Court's opinion described above will develop into the prevailing position of Luxembourg case law cannot be forecast with certainty at this stage, especially considering that in the case at issue the matter was not appealed to the Court of Appeal and because, to the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, there has been no further case law on the issue since then. To the extent, however, that the District Court's decision endorsed the solution prevailing in French case law, its decision might, in the future, be endorsed by the Luxembourg courts in general.

Registration in Luxembourg

The registration of the notes, the Indenture, the guarantees and the transaction documents (and any document in connection therewith) with the *Administration de l'Enregistrement et des Domaines* in Luxembourg may be required in the case of legal proceedings before Luxembourg courts or in the case that the notes, the Indenture, the guarantees and the transaction documents (and any document in connection therewith) must be produced before an official Luxembourg authority (*autorité constituée*). In such case, either a nominal registration duty or an ad valorem duty (or, for instance, 0.24% of the amount of the payment obligation mentioned in the document so registered) will be payable depending on the nature of the document to be registered.

The Luxembourg courts or the official Luxembourg authority may require that the notes, the security interest agreements, the Indentures, the guarantees and the transaction documents (and any document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

Insolvency Proceedings in Luxembourg

The issuer is and the Substitute Issuer will be incorporated under the laws of Luxembourg, and as such any insolvency proceedings applicable to such companies are in principle governed by Luxembourg law. The insolvency laws of Luxembourg may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar.

The following is a brief description of certain aspects of insolvency law in Luxembourg. In the event that the issuer or the Substitute Issuer (the "Luxembourg Issuers") incorporated under the laws of Luxembourg, experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

The issuer is and the Substitute Issuer will be incorporated under the laws of the Grand Duchy of Luxembourg and have their registered office in the Grand Duchy of Luxembourg. Accordingly, Luxembourg courts should have, in principle, jurisdiction to open main insolvency proceedings with respect to the Luxembourg Issuers, as entities having their registered office and central administration (*administration centrale*) and centre of main interest ("COMI"), as used in the EC Regulation 1346/2000 of 29 May 2000 on insolvency proceedings (the "EU

Regulation"), in the Grand Duchy of Luxembourg, such proceedings to be governed by Luxembourg insolvency laws. According to the EU Regulation, there is a rebuttable presumption that a company has its COMI in the jurisdiction in which it has the place of its registered office. As a result, there is a rebuttable presumption that the COMI of the issuer is and the Substitute Issuer will be in the Grand Duchy of Luxembourg and consequently that any "main insolvency proceedings" (as defined in the EU Regulation) would be opened by a Luxembourg court and be governed by Luxembourg law.

However, the determination of where the Luxembourg Issuers have their respective COMI is a question of fact, which may change from time to time. Preamble 13 of the EU Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties."

Under Luxembourg insolvency laws, the following types of proceedings (the "Insolvency Proceedings") may be opened against the Luxembourg Issuers:

- bankruptcy proceedings (*faillite*), the opening of which is initiated by the relevant Luxembourg Issuers, by any of its creditors or by Luxembourg courts *ex officio*. The directors of each Luxembourg Issuer have the obligation to file for bankruptcy within one month in case it is in a state of cessation of payment (*cessation de paiement*). Following such a request, the Luxembourg courts having jurisdiction may open bankruptcy proceedings, if the relevant Luxembourg Issuer (i) is in default of payment (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may also open ex officio bankruptcy proceedings, absent a request made by such Luxembourg Issuer. The main effects of such proceedings are (i) the suspension of all measures of enforcement against the relevant Luxembourg Issuers, except, subject to certain limited exceptions, for secured creditors and (ii) the payment of such Luxembourg Issuers' creditors in accordance with their ranking upon the realization of its assets;

- controlled management proceedings (*gestion controlée*), the opening of which may only be requested by any Luxembourg Issuer and not by its creditors; and

- composition proceedings (*concordat préventif de faillite*), the obtaining of which is requested by the relevant guarantor only after having received a prior consent from a majority of its creditors holding 75% at least of the claims against the Luxembourg Issuers. The obtaining of such composition proceedings will trigger a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, the ability of the holders of notes to receive payment on the notes may be affected by a decision of a Court to grant a stay on payments (*sursis de paiement*) or to put the relevant guarantor into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the commercial code or of the Companies Act. The management of such liquidation proceedings will generally follow similar rules as those applicable to bankruptcy proceedings.

The Luxembourg Issuers ' liabilities in respect of the notes will, in the event of a liquidation of the Luxembourg Issuers following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the concerned obligor's debts that are entitled to priority under Luxembourg law. For example, preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg tax authorities;

- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;

- social security contributions; and

- remuneration owed to employees.

For the avoidance of doubt, the above list is not exhaustive.

Assets in the form of shares or receivables over which a security interest has been granted and perfected will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized), and subject to application of the relevant priority rule and liens and privileges arising mandatorily by law.

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. In the event of controlled management proceedings, the ability of secured creditors to enforce their security interest may also be limited, automatically causing the rights of secured creditors to be frozen until a final decision has been taken by the court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the relevant Luxembourg court subject to the exceptions under the Luxembourg law of August 5, 2005 on financial collateral arrangements (the "Luxembourg Collateral Law"). A reorganization order requires the prior approval of more than 50% of the creditors representing more than 50% of the relevant guarantor's liabilities in order to take effect. Furthermore, declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings.

Luxembourg insolvency laws may also affect transactions entered into or payments made by Luxembourg Issuers issuer during the period before bankruptcy, the so-called "suspect period" (*periode suspecte*), which is a maximum of six months, as from the date on which the Commercial Court formally adjudicates a person bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date, if the bankruptcy judgment was preceded by another insolvency proceedings (e.g., a suspension of payments or controlled management proceedings) under Luxembourg law.

In particular:

- pursuant to article 445 of the Luxembourg code of commerce, specified transactions (such as, in particular, the granting of a security interest for antecedent debts; the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets or entering into transactions generally without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) will be set aside or declared null and void, if so requested by the insolvency receiver;

- pursuant to article 446 of the Luxembourg code of commerce, payments made for matured debts for considerations, as well as other transactions concluded during the suspect period, are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt's cessation of payments;

- regardless of the suspect period, article 448 of the Luxembourg Code of Commerce and article 1167 of the Luxembourg Civil Code (*action paulienne*) give any creditor the right to challenge any fraudulent payments and transactions made prior to the bankruptcy.

After having converted all available assets of the company into cash and after having determined all the company's liabilities, the insolvency receiver will distribute the proceeds of the sale to the creditors further to their priority ranking as set forth by law, after deduction of the receiver fees and the bankruptcy administration costs.

Any international aspects of Luxembourg bankruptcy, controlled management and composition proceedings may be subject to the EU Insolvency Regulation. Insolvency proceedings may hence have a material adverse effect on the issuer's obligations under the Notes.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts as to avoid worsening the financial situation of the company. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate. Insolvency proceedings may hence have a material adverse effect on a Luxembourg company's business and assets and the Luxembourg company's respective obligations under the notes.

The bankruptcy receiver decides whether or not to continue performance under on-going contracts (*i.e.*, contracts existing before the bankruptcy order). The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an early termination or acceleration event; and

- *intuitu personae* contracts (*i.e.*, contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

The bankruptcy receiver may elect not to perform the obligations of the bankrupt party which are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy. The counterparty to that agreement may make a claim for damages in the bankruptcy and such claim will rank *pari passu* with claims of all other unsecured creditors and/or seek a court order to have the relevant contract dissolved. The counterparty may not require specific performance of the contract.

Brazil

We have been advised by Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados, our Brazilian counsel, that a final conclusive judgment of non-Brazilian courts for the payment of money rendered thereby, subject to certain requirements described below, may be enforced in Brazil. A judgment against either us our Directors, our Officers or the issuer obtained outside Brazil would be enforceable in Brazil against us, our Directors, our Officers or the issuer without reconsideration of the merits, upon confirmation of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*), or STJ. That confirmation, generally, will occur if the foreign judgment:

- fulfills all formalities required for enforceability under the laws of the non-Brazilian courts;

- is issued by a competent court after proper service of process on the parties, which service must comply with Brazilian law, or after sufficient evidence of the parties' absence has been given, as required by applicable law;

- is not subject to appeal;

- is for payment of a fixed amount;

- is authenticated by the Brazilian consulate with jurisdiction over the place the judgment is rendered;

- is translated into Portuguese by a certified translator; and

- does not violate Brazilian public policy, national sovereignty or public morality (as set forth in Brazilian law).

We have also been advised that civil actions may be brought with Brazilian courts in connection with this offering memorandum based solely on the federal securities laws of the United States and that Brazilian courts may enforce such liabilities in such actions against us (provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, good morals or national sovereignty).

We have been further advised that a plaintiff, whether Brazilian or non-Brazilian, who resides outside Brazil or is outside Brazil during the course of the litigation in Brazil and who does not own real property in Brazil must post a bond to guarantee the payment of the defendant's legal fees and court expenses, except in case of (i) collection claims based on an instrument (which do not include the notes issued hereunder) that may be enforced in Brazilian courts without the review of its merit (*título executivo extrajudicial*); (ii) execution of a judgment; (iii) counterclaims; and (iv) when some international agreement signed by Brazil dismisses the obligation to post a bond, as established under Article 83, 1st paragraph of the Brazilian Code of Civil Procedure.

If proceedings are brought in the courts of Brazil seeking to enforce our obligations under the notes, we would not be required to discharge our obligations in a currency other than *reais*. Any judgment obtained against us in Brazilian courts in respect of any payment obligations under the notes would be expressed in *reais*.

The confirmation process may be time consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that confirmation would be obtained, that the confirmation process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the securities laws of countries other than Brazil.

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Cosan S.A. Indústria e Comércio

Interim financial statements at March 31, 2016

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Independent auditors' report on review of interim financial statements

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

Introduction
We have reviewed the accompanying individual and consolidated interim financial information of Cosan S.A. Indústria e Comércio ("The Company"), contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2016, which comprises the statement of financial position as of March 31, 2016 and the respective statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for the three-month period then ended, including the notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, such as for the presentation of this information in accordance with the regulations of the Brazilian Securities Commission - CVM, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this individual and consolidated interim financial information based on our review.

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

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Conclusion on the interim financial information
Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information Form - ITR referred to above has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the regulations of the Brazilian Securities Commission - CVM.

Other matters

Statement of value added
We have also reviewed the individual and consolidated statements of value added (DVA), related to the three-month period ended March 31, 2016, prepared under the responsibility of the Company's management, whose presentation in the interim financial information is required in accordance with the regulations of the Brazilian Securities Commission - CVM applicable to the preparation of Quarterly Information - ITR, and is considered as supplementary information under IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, May 12, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6

Rogério Hernandez Garcia
Contador CRC 1SP213431/O-5

Cosan S.A. Indústria e Comércio

Statement of financial position in march 31, 2016 and december 31, 2015

(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
	Note	March 31, 2016	December 31, 2015 (Restated)	March 31, 2016	December 31, 2015 (Restated)
Assets					
Cash and cash equivalents	6	980,569	731,049	2,660,251	3,129,530
Marketable securities		-	-	254,313	241,430
Trade receivables	7	-	-	726,119	759,710
Derivative financial instruments	25	-	61,215	17,866	100,532
Inventories	8	-	-	436,518	431,117
Related parties	10	59,671	53,758	99,138	86,600
Income tax receivable		33,602	23,779	77,245	95,016
Other current tax receivable	9	5,977	37,041	85,254	135,947
Dividends and interest on capital receivable		20,338	11,116	143,976	11,321
Assets held for sale	13	-	-	180,242	111,638
Other current assets		8,423	33,466	42,652	62,982
Total current assets		**1,108,580**	**951,424**	**4,723,574**	**5,165,823**
Trade receivables	7	-	-	37,070	39,597
Deferred income tax and social contribution	19	-	-	325,401	335,808
Receivables from related parties	10	225,932	209,738	235,665	221,344
Other recoverable taxes	9	-	-	41,621	42,578
Judicial deposits	20	253,044	252,513	417,073	413,067
Derivative financial instruments	25	1,060,000	1,292,514	1,852,368	2,192,327
Other non-current assets		848,206	837,284	1,068,345	1,057,889
Investments in associates	11	10,846,173	11,262,812	136,657	140,136
Investments in joint ventures	12	2,788,505	2,821,205	8,266,573	8,237,188
Investment properties	13	-	-	2,526,141	2,595,035
Property and equipment	14	24,158	26,652	396,143	401,800
Intangible assets	15	8,176	6,267	9,411,226	9,447,269
Total non-current		**16,054,194**	**16,708,985**	**24,714,283**	**25,124,038**
Total Assets		**17,162,774**	**17,660,409**	**29,437,857**	**30,289,861**

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

Cosan S.A. Indústria e Comércio

Statement of financial position in march 31, 2016 and december 31, 2015

(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
	Note	March 31, 2016	December 31, 2015 (Restated)	March 31, 2016	December 31, 2015 (Restated)
Liabilities					
Loans, borrowings and debentures	16	359,192	406,348	1,214,715	1,230,518
Derivative financial instruments	25	264,974	-	293,739	291
Trade payables	17	1,194	1,151	1,391,622	1,544,822
Salaries payable		8,904	17,536	62,864	106,407
Income tax payables		2,884	14,237	46,060	47,720
Other taxes payable	18	9,456	21,025	145,290	120,241
Dividends and interest on capital payable		17,876	23,420	33,295	41,656
Payables to related parties	10	166,347	427,752	128,187	114,559
Other current liabilities		28,562	30,620	78,550	138,839
Total current liabilities		**859,389**	**942,089**	**3,394,322**	**3,345,053**
Loans, borrowings and debentures	16	-	-	8,059,768	8,525,185
Preferred shareholders payable		-	-	-	-
in subsidiaries		2,111,942	2,042,878	2,111,942	2,042,878
Derivative financial instruments	25	128,386	137,006	667,579	740,427
Other taxes payable	18	21,792	25,230	21,792	25,230
Provision for legal proceedings	20	277,186	266,540	722,093	703,347
Payables to related parties	10	4,297,028	4,710,651	-	-
Post-employment benefits	26	103	126	349,296	344,334
Deferred tax liabilities	19	329,247	465,789	1,299,593	1,415,135
Other non-current liabilities		420,829	316,242	786,892	705,926
Total non-current liabilities		**7,586,513**	**7,964,462**	**14,018,955**	**14,502,462**
Total liabilities		**8,445,902**	**8,906,551**	**17,413,277**	**17,847,515**
Shareholders' equity	21				
Share capital		3,822,725	3,822,725	3,822,725	3,822,725
Treasury shares		(58,694)	(58,694)	(58,694)	(58,694)
Capital reserve		946,109	955,326	946,109	955,326
Other equity		(184,480)	(184,691)	(184,480)	(184,691)
Profit reserve		3,942,506	4,219,192	3,942,506	4,219,192
Acumulated profit		248,706	-	248,706	-
Equity attributable to:					
Owners of the Company		8,716,872	8,753,858	8,716,872	8,753,858
Non-controlling interests	11	-	-	3,307,708	3,688,488
Total shareholder's equity		**8,716,872**	**8,753,858**	**12,024,580**	**12,442,346**
Total liabilities and shareholder's equity		**17,162,774**	**17,660,409**	**29,437,857**	**30,289,861**

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

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income

For the three months period ended March 31, 2016 and 2015

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

	Note	Parent Company		Consolidated	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Net sales		-	-	1,962,148	1,935,513
Cost of sales		-	-	(1,201,078)	(1,444,991)
Gross profit		**-**	**-**	**761,070**	**490,522**
Selling expenses		-	-	(238,557)	(219,326)
General and administrative expenses		(35,497)	(24,505)	(141,656)	(140,878)
Other expense, net	24	(36,298)	(109,708)	(39,836)	(98,864)
Operating expenses		**(71,795)**	**(134,213)**	**(420,049)**	**(459,068)**
Income before equity in earning and financial results		**(71,795)**	**(134,213)**	**341,021**	**31,454**
Equity in earning of associates	11	529,200	210,324	(5,116)	(4,635)
Equity in earnings of joint ventures	12	(32,701)	(38,656)	441,344	157,772
Equity in earning of investees		**496,499**	**171,668**	**436,228**	**153,137**
Finance expense		(243,157)	(114,169)	(494,390)	(273,813)
Finance income		69,425	38,198	189,136	64,109
Foreign exchange losses, net		447,749	(712,665)	507,512	(568,545)
Derivatives		(586,556)	624,700	(651,618)	493,536
Financial results	23	**(312,539)**	**(163,936)**	**(449,360)**	**(284,713)**
Profit (loss) before taxes		**112,165**	**(126,481)**	**327,889**	**(100,122)**
Income tax (expenses) benefits	19				
Current		-	-	(90,404)	(3,567)
Deferred		136,541	82,798	95,489	88,091
		136,541	**82,798**	**5,085**	**84,524**
Profit (loss) for de period		**248,706**	**(43,683)**	**332,974**	**(15,598)**
Accumulated other comprehensive income					
Items that will never be recalssified profit or loss:					
Foreign currency translation differences		27,868	(20,629)	27,868	(20,629)
(Loss) gain on cash flow hedge in joint ventures and subsidiary		(27,092)	20,735	(27,092)	20,735
Changes in fair value of available for sale securities		(856)	(21)	(2,433)	1,485
Taxes on items that may be reclassified to profit or loss		291	7	827	(505)
		211	**92**	**(830)**	**1,086**
Total other comprehensive income (loss), net of tax		**211**	**92**	**(830)**	**1,086**
Total comprehensive income		**248,917**	**(43,591)**	**332,144**	**(14,512)**
Total net income attributable to:					
Owners of the Parent		248,706	(43,683)	248,706	(43,683)
Non-controlling interests		-	-	84,268	28,085
		248,706	**(43,683)**	**332,974**	**(15,598)**
Total comprehensive income attributable to:					
Owners of the Company		248,917	(43,591)	248,917	(43,591)
Non-controlling interests		-	-	83,227	29,079
		248,917	**(43,591)**	**332,144**	**(14,512)**
Earning per share	22	R$0.61	(R$0.11)		
		R$0.61	(R$0.11)		
Earning per share	22				
		R$0.56	(R$0.11)		
		R$0.56	(R$0.11)		

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity

For the three months period ended March 31, 2016 and 2015

(Amounts in thousands of Brazilian Reais - R$)

					Profit reserve				
	Common stock	Tresuary share	Accumulated other capital reserve	Other equity components	Legal	Statutary reserve	Unrealized earning	Retained rearning	accumulated earning
At January 01, 2016	**3,822,725**	**(58,694)**	**955,326**	**(184,691)**	**284,960**	**2,731,745**	**171,021**	**1,123,796**	**-**
Initial adoption effect in joint ventures (note 2.2)	-	-	-	-	-	-	-	(92,330)	-
At January 01, 2016 (Restated)	**3,822,725**	**(58,694)**	**955,326**	**(184,691)**	**284,960**	**2,731,745**	**171,021**	**1,031,466**	**-**
Profit for the period	-	-	-	-	-	-	-	-	248,706
Other comprehensive income:									
Loss on cash flow hedge in jointly controlled entity	-	-	-	(27,092)	-	-	-	-	-
Foreing currency translation effects	-	-	-	27,868	-	-	-	-	-
Change in fair value of available for sale securities	-	-	-	(565)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	211	-	-	-	-	248,706
Effect of distribution of dividends to non-controlling	-	-	(11,344)	-	-	-	-	-	-
Dividends	-	-	-	-	-	(276,686)	-	-	-
Shaer based compensations	-	-	2,127	-	-	-	-	-	-
Total contributions by and distributions to owners of the Parent	-	-	(9,217)	-	-	(276,686)	-	-	-
At March 31, 2016	**3,822,725**	**(58,694)**	**946,109**	**(184,480)**	**284,960**	**2,455,059**	**171,021**	**1,031,466**	**248,706**

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity

For the three months period ended March 31, 2016 and 2015

(Amounts in thousands of Brazilian Reais - R$)

					Profit reserve				
	Common stock	Tresuary share	Other capital reserve	Accumulated other equity components	Legal	Statutary reserve	Unrealized earning	Retained rearning	accumulated earning
At January 01, 2015	**3,632,231**	**(58,694)**	**950,694**	**175,298**	**251,631**	**2,481,391**	**217,574**	**1,168,151**	**-**
Profit for the year	-	-	-	-	-	-	-	-	(43,683)
Other comprehensive income:									
Loss on cash flow hedge in joint ventures and subsidiary	-	-	-	20,735	-	-	-	-	-
Foreing currency translation effects	-	-	-	(20,629)	-	-	-	-	-
Change in fair value of available for sale securities	-	-	-	(14)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	92	-	-	-	-	(43,683)
Contributions and distributions for shareholders									
Shaer based compensations	-	-	2,743	-	-	-	-	-	-
Total contributions by and distributions to owners of the Parent	-	-	2,743	-	-	-	-	-	-
At March 31, 2015	**3,632,231**	**(58,694)**	**953,437**	**175,390**	**251,631**	**2,481,391**	**217,574**	**1,168,151**	**(43,683)**

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

Cosan S.A. Indústria e Comércio

Statements of cash flows

For the three months period ended March 31, 2016 and 2015

(Amounts in thousands of Brazilian Reais - R$, unless otherwise stated)

		Parent Company		Consolidated	
	Note	**March 31, 2016**	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Cash flows from operating activities					
Profit (loss) before taxes		112,165	(126,481)	327,889	(100,122)
Adjustments for:					
Depreciation and amortization	14 15	1,214	968	142,794	138,598
Equity in earnings of associates	11	(529,200)	(210,324)	5,116	4,635
Equity in earnings of jointly controlled entity	12	32,701	38,656	(441,344)	(157,772)
Loss (gain) on disposals assets		-	-	2,017	1,281
Option shares granted		2,127	2,743	2,127	2,743
Change in fair value of investment property	13	-	-	290	(14,320)
Provision for judicial demands		19,096	8,767	18,813	8,890
Indexation charges, interest and exchange gains, net		329,630	170,349	524,104	326,442
Other		(238)	(1,130)	13,547	16,837
		(32,505)	**(116,452)**	**595,353**	**227,212**
Changes in:					
Trade receivables		-	-	27,709	44,235
Inventories		-	-	(13,423)	34,562
Recoverable taxes		(3,133)	-	39,037	(26,518)
Related parties		(136,007)	(124,717)	(13,240)	(41,060)
Trade payables		330	(1,509)	(133,067)	212,281
Employee benefits		(11,003)	(11,565)	(56,267)	(45,862)
Provision for judicial demands		2,051	(590)	1,236	89
Income tax and other tax		(4,886)	37	(47,467)	339
Other assets and liabilities, net		22,806	(29,304)	(82,811)	(118,488)
		(129,842)	**(167,648)**	**(278,293)**	**59,578**
Net cash (used in) generated by operating activities		**(162,347)**	**(284,100)**	**317,060**	**286,790**
Cash flows from investing activities					
Acquisitions net of cash acquired	11	(7,418)	(18,585)	(2,170)	(22,555)
Dividends received from investees	11	724,650	-	-	-
Dividends received from jointly controlled entity		4,802	34,425	249,653	93,925
Acquisition of property, plant and equipment and intangible assets	14 15	(668)	(261)	(104,425)	(150,696)
Net cash generated by (used in) investing activities		**721,366**	**15,579**	**143,058**	**(79,326)**
Cash flows from financing activities					
Loans and borrowings raised		-	-	302,185	391,664
Payment of principal on loans and borrowings		-	-	(261,545)	(328,552)
Payment of principal and interest on loans borrowings		(3,024)	(1,189)	(177,089)	(156,491)
Related parties		-	(2,730)	-	-
Derivative financial intruments		(24,241)	159,607	(12,385)	178,832
Dividends paid		(282,234)	-	(760,398)	-
Net cash (used in) generated by financing activities		**(309,499)**	**155,688**	**(909,232)**	**85,453**
Increase (decrease) in cash and cash equivalents		**249,520**	**(112,833)**	**(449,114)**	**292,917**
Cash and cash equivalents at beginning of year		731,049	376,004	3,129,530	1,540,192
Effect of exchange rate fluctuations on cash held		-	-	(20,165)	28,483
Cash and cash equivalents at end of year		**980,569**	**263,171**	**2,660,251**	**1,861,592**
Supplemental cash flow information:					
Income taxes paid		1,237	-	31,435	26,290

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

Cosan S.A. Indústria e Comércio

Statements of value added

For the three months period ended March 31, 2016 and 2015

(Amounts in thousands of Brazilian Reais - R$, unless otherwise stated)

	Parent Company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Revenue				
Sale of services	-	-	2,458,400	2,411,844
Other operating revenue	3,174	543	12,603	20,514
Allowance for doubtful accounts	-	-	(6,106)	(5,511)
	3,174	**543**	**2,464,897**	**2,426,847**
Raw materials acquired from third parties				
Cost of services rendered	-	-	(1,384,396)	(1,694,388)
Materials, energy, third party services, other	(61,219)	(117,796)	(153,840)	(212,829)
	(61,219)	**(117,796)**	**(1,538,236)**	**(1,907,217)**
Gross value added	**(58,045)**	**(117,253)**	**926,661**	**519,630**
	-	-	**-**	-
Retention				
Depreciation and amortization	(1,214)	(968)	(142,585)	(138,598)
	(1,214)	**(968)**	**(142,585)**	**(138,598)**
Net value added	**(59,259)**	**(118,221)**	**784,076**	**381,032**
Value added transferred in				
Equity pick-up in investees	529,200	210,324	(5,116)	(4,635)
Equity pick-up in jointly controlled entity	(32,701)	(38,656)	441,344	157,772
Financial income	517,174	28,070	696,648	77,899
	1,013,673	**199,738**	**1,132,876**	**231,036**
Value added to be distributed	**954,414**	**81,517**	**1,916,952**	**612,068**
Distribution of value added				
Personnel	10,256	12,659	89,514	96,435
Taxes and contributions	(135,046)	(78,590)	342,628	159,427
Financial expenses and leasing	830,498	191,131	1,151,836	371,804
Non-controlling interests	-	-	84,268	28,085
Dividends	285,000	-	285,000	-
Net (loss) from operations	(36,294)	(43,683)	(36,294)	(43,683)
	954,414	**81,517**	**1,916,952**	**612,068**

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

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais - R$, unless otherwise stated)

1 Operations

Cosan S.A. Indústria e Comércio composed of its subsidiaries and jointly controlled entities ("Company" or "Cosan") is a publicly traded company with its shares traded on the Novo Mercado da Bolsa de Valores de São Paulo ("BM&FBOVESPA") under the ticker symbol CSAN3, and has its headquarters in the city of São Paulo, Brazil. Cosan Limited is the controlling shareholder of Cosan, in which it holds 62.51%.

The primary activities in which Cosan S.A. operates, include the following business segments: (i) Piped natural gas distribution to part of the State of São Paulo through its subsidiary Companhia de Gás de São Paulo - COMGÁS ("COMGÁS"); which is consolidated since November 2012, (ii) Purchase, sale and leasing of agricultural land through its subsidiary, Radar Propriedades Agrícolas S.A. ("Radar"); (iii) Production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian market using the Comma brand and corporate activities; and (iv) other investments, in addition to the corporate structures of Company ("Cosan's other business").

The Company also holds interests in two jointly controlled entities ("Joint Ventures" or "JVs"): (i) Raízen Combustíveis S.A. ("Raízen Combustíveis"), fuel distribution business, and (ii) Raízen Energia S.A. ("Raízen Energia"), production and marketing of sugar, ethanol and energy cogeneration, produced from sugar cane bagasse.

2 Apresentação das demonstrações financeiras e principais políticas contábeis

2.1 Statement of compliance

The interim individual and consolidated financial statements have been prepared in accordance with CPC 21 - Interim Financial Reporting and the International Accounting Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Securities and Exchange Commission applicable to the preparation of the Quarterly Information - ITR.

These financial statements have been prepared following the basis of preparation and accounting policies consistent with those adopted in preparing the financial statements for the year ended on December 31, 2015 and should be read together, except for the initial adoption of new accounting standards and interpretations that have been given effect from January 1, 2016 disclosed in Note 2.2. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

The information notes that did not change significantly compared with the December 31, 2015 have not been fully presented in these financial statements.

These interim financial statements were authorized for issue by the Board of Directors on May 12, 2016.

2.2 New standards, interpretations and amendments adopted by the Company

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements or the interim consolidated financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Amendments to CPC 27 e CPC 29 Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of CPC 29 - biological assets. Instead, CPC 27 - Property, plant and equipment. After initial recognition, bearer plants will be measured under CPC 27, at accumulated cost t (before maturity) and using either the cost model. The amendments also require that produce that grows on bearer plants will remain in the scope of CPC 29 measured at fair value less costs to sell. For government grants related to bearer plants CPC 07 - *Accounting for Government Grants and Disclosure of Government Assistance* will apply. These changes substantially impact the controlled Raizen Energia together and have no effect for companies that have no bearing plants. The impacts of the restatement, related to the initial adoption of the accounting standard for the year ended December 31, 2015 are:

	Consolidated statements of financial position December 31, 2015		
	Parent company		
	As issued	**CPC 27 effect**	**Restated**
Assets			
Current assets	951,424	-	951,424
Investments in associates	11,355,142	(92,330)	11,262,812
Other non-current assets	5,446,173	-	5,446,173
Total assets	**17,752,739**	**(92,330)**	**17,660,409**
Liabilities			
Current liabilities	942,089	-	942,089
Non-current liabilities	7,964,462	-	7,964,462
Total liabilities	**8,906,551**	**-**	**8,906,551**
Shareholders' equity			
Share capital	3,822,725	-	3,822,725
Treasury shares	(58,694)	-	(58,694)
Additional paid in capital	955,326	-	955,326
Other comprehensive loss	(184,691)	-	(184,691)
Profit reserve	4,311,522	(92,330)	4,219,192
Equity attributable to owners of the parent			
Non-controlling interests	**8,846,188**	**(92,330)**	**8,753,858**
	-	**-**	**-**
Total shareholders' equity	**8,846,188**	**(92,330)**	**8,753,858**
Total liabilities and shareholders' equity	**17,752,739**	**(92,330)**	**17,660,409**

	Consolidated statements of financial position December 31, 2015		
	Consolidated		
	As issued	CPC 27 effect	Restated
Assets			
Current assets	5,165,823	-	5,165,823
Investments in joint ventures	8,329,518	(92,330)	8,237,188
Other non-current assets	16,886,850	-	16,886,850
Total assets	**30,382,191**	**(92,330)**	**30,289,861**
Liabilities			
Current liabilities	3,345,053	-	3,345,053
Non-current liabilities	14,502,462	-	14,502,462
Total liabilities	**17,847,515**	**-**	**17,847,515**
Shareholders' equity			
Share capital	3,822,725	-	3,822,725
Treasury shares	(58,694)	-	(58,694)
Additional paid in capital	955,326	-	955,326
Other comprehensive loss	(184,691)	-	(184,691)
Profit reserve	4,311,522	(92,330)	4,219,192
Equity attributable to owners of the parent	**8,846,188**	**(92,330)**	**8,753,858**
Non-controlling interests	**3,688,488**	**-**	**3,688,488**
Total shareholders' equity	**12,534,676**	**(92,330)**	**12,442,346**
Total shareholders' equity and liabilities	**30,382,191**	**(92,330)**	**30,289,861**

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented these financial statements.

3.1 Basis of consolidation

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

	March 31, 2016	December 31, 2015
Subsidiaries		
Águas da Ponte Alta S.A.	65,00%	65,00%
Bioinvestments Negócios e Participações S.A.	65,00%	65,00%
Comma Oil Chemicals	100,00%	100,00%
Companhia de Gás de São Paulo - COMGÁS	61,33%	61,33%
Cosan Biomassa S.A.	100,00%	100,00%
Cosan Cayman II Limited	100,00%	100,00%
Cosan Global Limited	100,00%	100,00%
Cosan Investimentos e Participações S.A.	100,00%	100,00%
Cosan Lubes Investments Limited	100,00%	100,00%
Cosan Lubrificantes e Especialidades S.A.	100,00%	100,00%
Cosan Luxembourg S.A.	100,00%	100,00%
Cosan Overseas Limited	100,00%	100,00%
Cosan Paraguay S.A.	100,00%	100,00%
Cosan US, Inc.	100,00%	100,00%
Ilha Terminal Distribuição de Produto Químicos	100,00%	100,00%
Nova Agrícola Ponte Alta S.A. (i)	29,50%	29,50%
Nova Amaralina S.A. Propriedades Agrícolas (i)	29,50%	29,50%
Nova Santa Barbara Agrícola S.A. (i)	29,50%	29,50%
Pasadena Empreendimentos e Participações S.A.	100,00%	100,00%
Proud Participações S.A.	65,00%	65,00%
Radar II Propriedades Agrícolas S.A.	65,00%	65,00%
Radar Propriedades Agrícolas S.A. (i)	29,50%	29,50%
Terras da Ponte Alta S.A. (i)	29,50%	29,50%
Vale da Ponte Alta S.A.	65,00%	65,00%
Zip Lube S.A.	100,00%	100,00%

(i) The Company has control over the Radar, even without controlling interest, for the Shareholders' Agreement Cosan SA has the power to direct all relevant activities of Radar and exercise most power in all relevant decisions on financial and operational matters of the Radar.

4 New standards and interpretations not yet adopted

- IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement.

  IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company has yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

  IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

- IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 - Construction Contracts and IFRIC 13 - Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

  The Company is currently assessing the potential impacts of adopting IFRS 15.

- IFRS 16 - Leases was issued on January 13, 2016. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. For lessees, the lease becomes an on-balance sheet liability that attracts interest, together with a new asset on the other side of the balance sheet. In other words, lessees will appear to become more asset-rich but also more heavily indebted. The new standard takes effect in January 2019.

  There are no other IFRS or IFRIC interpretations that are not yet effective and that are expected to have a significant impact on the Company.

5 Operating segments

Segment information

The following segment information is used by Cosan's senior management (the "Chief Operating Decision Maker") to assess the performance of the operating segments and to make decisions with regards to the allocation of resources.

The following statement of financial position and profit or loss selected information by segment was prepared on the same basis as the accounting practices used in the preparation of consolidated information:

	March, 31 2016						
Statement of income:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other business**	**Deconsolidate effects IFRS**
Net sales	3,866,279	16,391,752	1,460,077	22,913	479,125	33	(20,258,03
Domestic market	1,679,105	16,391,752	1,460,077	22,913	365,933	33	(18,070,85
External market	2,187,174	-	-	-	113,192	-	(2,187,17
Cost of sales	(2,667,086)	(15,600,588)	(828,584)	-	(371,944)	(550)	18,267,67
Gross profit	1,199,193	791,164	631,493	22,913	107,181	(517)	(1,990,35
Selling expenses	(188,404)	(357,096)	(154,583)	-	(83,974)	-	545,50
General and administrative expenses	(163,286)	(101,209)	(73,326)	(7,576)	(18,793)	(41,961)	264,49
Other income (expense), net	68,479	80,718	(2,017)	(211)	1,701	(39,309)	(149,19
Financial results	209,241	(132,961)	(96,076)	3,764	(18,914)	(338,134)	(76,28
Financial expense	(262,775)	(43,355)	(209,989)	(409)	(8,797)	(275,195)	306,10
Financial income	162,288	59,551	113,554	4,222	965	70,395	(221,83
Foreign exchange losses, net	(15,174)	358,297	123,854	(49)	17,420	366,287	(343,12
Derivatives	324,902	(507,454)	(123,495)	-	(28,502)	(499,621)	182,55
Equity in earnings of associates	(36,283)	2,520	-	-	(865)	114,192	33,76
Equity in earnings of joint ventures	-	-	-	-	-	441,344	
Income tax expense benefit	(368,616)	(109,974)	(104,635)	(3,936)	567	113,089	478,59
Profit (loss) for the period	**720,324**	**173,162**	**200,856**	**14,954**	**(13,097)**	**248,704**	**(893,48**
Net income attributable to:							
Owners of the Parent	720,324	163,097	200,856	14,954	(13,097)	248,704	(883,42
Non-controlling interests	-	10,065	-	-	-	-	(10,06
	720,324	**173,162**	**200,856**	**14,954**	**(13,097)**	**248,704**	**(893,48**
Other selected data:							
Depreciation and amortization	643,442	163,619	119,047	155	20,629	2,963	(807,06
EBITDA	1,523,141	579,716	520,614	15,281	25,879	476,712	(2,102,85
Additions to PP&E, intangible and biological assets	810,634	179,164	94,139	100	9,348	838	(989,79
Reconciliation of EBITDA:							
Profit (loss) for the period	720,324	173,162	200,856	14,954	(13,097)	248,704	(893,48
Income tax and social contribution	368,616	109,974	104,635	3,936	(567)	(113,089)	(478,59
Financial result, net	(209,241)	132,961	96,076	(3,764)	18,914	338,134	76,28
Depreciation and amortization	643,442	163,619	119,047	155	20,629	2,963	(807,06
EBITDA	**1,523,141**	**579,716**	**520,614**	**15,281**	**25,879**	**476,712**	**(2,102,85**

	March, 31 2015						
Statement of income:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other business**	**Deconsolidate effects IFRS 1**
Net sales	3,080,040	14,061,510	1,534,064	21,606	379,843	-	(17,141,550
Domestic market	1,166,359	14,061,510	1,534,064	21,606	305,666	-	(15,227,869
External market	1,913,681	-	-	-	74,177	-	(1,913,681
Cost of sales	(2,620,827)	(13,260,089)	(1,154,677)	(1,739)	(288,575)	-	15,880,916
Gross profit	459,213	801,421	379,387	19,867	91,268	-	(1,260,634
Selling expenses	(149,073)	(315,933)	(154,521)	-	(64,805)	-	465,006
General and administrative expenses	(140,651)	(100,271)	(86,596)	(7,207)	(16,147)	(30,928)	240,922
Other income (expense), net	39,099	60,926	(2,080)	14,324	160	(111,268)	(100,025
Financial results	(238,303)	12,953	(73,957)	1,692	3,768	(216,216)	225,350
Financial expense	(204,842)	(38,955)	(103,891)	(354)	(8,446)	(164,945)	243,797
Financial income	147,793	37,777	37,314	2,070	328	28,220	(185,570
Foreign exchange losses, net	(605,426)	(172,806)	(242,512)	(24)	2,614	(328,623)	778,232
Derivatives	424,172	186,937	235,132	-	9,272	249,132	(611,109
Equity in earnings of associates	(5,990)	4,048	-	-	(4,960)	31,545	1,942
Equity in earnings of joint ventures	-	-	-	-	-	157,772	-
Income tax expense benefit	42,751	(144,976)	(31,841)	(3,344)	(5,704)	125,413	102,225
Profit (loss) for the period	**7,046**	**318,168**	**30,392**	**25,332**	**3,580**	**(43,682)**	**(325,214**
Net income attributable to:							
Owners of the Parent	7,046	306,146	30,392	25,332	3,580	(43,682)	(313,192
Non-controlling interests	-	12,022	-	-	-	-	(12,022
	7,046	**318,168**	**30,392**	**25,332**	**3,580**	**(43,682)**	**(325,214**
Other selected data:							
Depreciation and amortization	627,614	139,333	119,451	245	17,928	974	(766,947
EBITDA	830,212	589,524	255,641	27,229	23,444	48,095	(1,419,736
Additions to PP&E, intangible and biological assets	828,526	239,699	123,566	668	8,300	18,162	(1,068,225
Reconciliation of EBITDA:							
Profit (loss) for the period	7,046	318,168	30,392	25,332	3,580	(43,682)	(325,214
Income tax and social contribution	(42,751)	144,976	31,841	3,344	5,704	(125,413)	(102,225
Financial result, net	238,303	(12,953)	73,957	(1,692)	(3,768)	216,216	(225,350
Depreciation and amortization	627,614	139,333	119,451	245	17,928	974	(766,947
EBITDA	**830,212**	**589,524**	**255,641**	**27,229**	**23,444**	**48,095**	**(1,419,736**

	March, 31 2016						
Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other business**	**Deconsolidated effects IFRS 11**
Cash and cash equivalents	2,987,675	1,384,957	1,000,160	817	72,625	1,586,649	(4,372,632)
Marketable Securities	-	-	-	254,313	-	-	-
Trade receivables	457,795	1,606,572	480,984	35,976	246,228	-	(2,064,367)
Derivative financial instruments	1,241,137	85,699	557,395	-	-	1,312,839	(1,326,836)
Inventories	511,997	1,184,264	132,608	-	300,548	3,362	(1,696,261)
Other current assets	1,670,390	1,341,716	91,661	190,992	63,279	295,444	(3,012,106)
Other non-current assets	3,041,550	842,308	277,986	61	23,666	1,795,250	(3,883,858)
Investment in associates	210,425	-	-	-	9,061	5,223,496	(210,425)
Investment in joint ventures	-	-	-	-	-	8,266,573	-
Biological assets	968,521	-	-	-	-	-	(968,521)
Investment property	-	-	-	2,526,141	-	-	-
Property, plant and equipment	11,365,960	2,411,346	-	1,740	242,310	152,093	(13,777,306)
Intangible assets and goodwill	3,263,773	4,411,262	8,592,772	1,903	807,867	8,684	(7,675,035)
Loans and borrowings	(9,840,670)	(2,976,278)	(3,745,234)	-	(541,796)	(4,987,453)	12,816,948
Derivative financial instruments	(684,318)	(312,010)	-	-	(28,765)	(932,553)	996,328
Trade payables	(891,846)	(774,195)	(1,143,536)	(2,294)	(241,456)	(4,336)	1,666,041
Employee benefits payable	(382,263)	(112,280)	(34,849)	(4,122)	(13,789)	(10,104)	494,543
Other current liabilities	(776,144)	(1,470,728)	(137,948)	(34,499)	(88,967)	(191,695)	2,246,872
Other non-current liabilities	(1,233,956)	(2,762,282)	(1,206,806)	(105,185)	(178,240)	(3,801,377)	3,996,238
Total assets (net of liabilities) allocated by segment	11,910,026	4,860,351	4,865,193	2,865,843	672,571	8,716,872	(16,770,377)
Total assets	**25,719,223**	**13,268,124**	**11,133,566**	**3,011,943**	**1,765,584**	**18,644,390**	**(38,987,347)**
Equity attributable to owners of the parent	11,910,989	4,689,812	4,865,193	2,865,843	672,571	8,716,872	(16,600,801)
Non-controlling interests	(963)	170,539	-	-	-	-	(169,576)
Total shareholders' equity	**11,910,026**	**4,860,351**	**4,865,193**	**2,865,843**	**672,571**	**8,716,872**	**(16,770,377)**

	December, 31 2015 (Restated)						
Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other business**	**Deconsolidated effects IFRS 11**
Cash and cash equivalents	2,995,495	885,880	1,967,643	1,016	96,907	1,063,964	(3,881,375)
Marketable Securities	-	-	-	241,430	-	-	-
Trade receivables	719,092	2,058,601	540,133	38,510	220,417	247	(2,777,693)
Derivative financial instruments	1,465,816	255,665	665,032	-	12,363	1,615,464	(1,721,481)
Inventories	2,371,987	1,287,946	134,347	-	293,916	2,854	(3,659,933)
Other current assets	1,579,568	1,029,510	132,959	120,615	51,926	209,529	(2,609,078)
Other non-current assets	3,425,968	921,891	279,091	51	(135,853)	1,937,113	(4,347,859)
Investment in associates	225,670	248,456	-	-	8,453	5,660,434	(474,126)
Investment in joint ventures	-	-	-	-	-	8,237,188	-
Biological assets	730,348	-	-	-	-	-	(730,348)
Investment property	-	-	-	2,595,035	-	-	-
Property, plant and equipment	10,975,677	2,409,555	-	2,029	243,080	156,691	(13,385,232)
Intangible assets and goodwill	3,261,623	4,414,352	8,620,436	1,669	818,362	6,802	(7,675,975)
Loans and borrowings	(11,549,211)	(3,226,849)	(3,823,066)	-	(512,759)	(5,419,878)	14,776,060
Derivative financial instruments	(676,321)	(67,902)	-	-	(291)	(740,427)	744,223
Trade payables	(1,126,540)	(937,177)	(1,302,397)	(2,511)	(235,663)	(4,251)	2,063,717
Employee benefits payable	(315,704)	(83,214)	(65,522)	(5,684)	(15,061)	(20,140)	398,918
Other current liabilities	(920,298)	(968,904)	(103,334)	(35,465)	(135,946)	(209,512)	1,889,202
Other non-current liabilities	(1,364,086)	(3,129,160)	(1,180,987)	(104,403)	(209,244)	(3,742,216)	4,493,246
Total assets (net of liabilities) allocated by segment	11,799,084	5,098,650	5,864,335	2,852,292	500,607	8,753,862	(16,897,734)
Total assets	**27,751,244**	**13,511,856**	**12,339,641**	**3,000,355**	**1,609,571**	**18,890,286**	**(41,263,100)**
Equity attributable to owners of the parent	11,800,047	4,926,655	5,864,335	2,852,292	500,607	8,753,862	(16,726,702)
Non-controlling interests	(963)	171,995	-	-	-	-	(171,032)
Total shareholders' equity	**11,799,084**	**5,098,650**	**5,864,335**	**2,852,292**	**500,607**	**8,753,862**	**(16,897,734)**

Receita líquida de vendas, por segmento:

	March, 31 2016	March, 31 2015
Raízen Energia		
Ethanol	1,936,912	1,626,484
Sugar	1,846,288	1,408,329
Cogeneration	43,881	12,686
Other	39,198	32,541
	3,866,279	**3,080,040**
Raízen Combustíveis		
Fuels	16,391,752	14,061,510
	16,391,752	**14,061,510**
COMGÁS		
Industrial	1,006,065	1,027,851
Residential	155,406	120,857
Thermo generation	51,721	115,109
Cogeneration	54,523	65,972
Automotive	47,150	45,038
Commercial	53,327	61,609
Construction revenue	66,192	90,381
Other	25,693	7,247
	1,460,077	**1,534,064**
Radar		
Land lease	19,189	16,986
Property sales	-	1,879
Other	3,724	2,741
	22,913	**21,606**
Lubricants		
Lubricants	425,912	309,708
Basic oil	48,942	37,455
Other	4,271	32,680
	479,125	**379,843**
Other businesses	**33**	**-**
IFRS 11 - Deconsolidated of adjustments/eliminations joint ventures and eliminations	(20,258,031)	(17,141,550)
Total	**1,962,148**	**1,935,513**

6 Cash and cash equivalents

	Parent Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Cash and bank deposits	3	3	160,013	164,091
Short-term investments	980,566	731,046	2,500,238	2,965,439
	980,569	**731,049**	**2,660,251**	**3,129,530**

Financial investments are as fallows:

	Parent Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Investments funds				
Commitment transactions	811,335	97,485	880,819	1,248,983
Bank certificate of deposits - CDB	104,684	567,078	911,477	765,900
Financial letter	63,412	65,552	124,072	198,747
	979,431	**730,115**	**1,916,368**	**2,213,630**
Bank investments				
Commitment transactions	-	-	579,138	407,710
Bank certificate of deposits - CDB	-	-	-	343,083
Other financial investments	1,135	931	4,732	1,016
	1,135	**931**	**583,870**	**751,809**
	980,566	**731,046**	**2,500,238**	**2,965,439**

7 Trade receivables

	Consolidated	
	March 31, 2016	**December 31, 2015**
Domestic - Brazilian Reais	801,155	829,912
Export - Foreign currency	15,156	16,112
Allowance for doubtful accounts	(53,122)	(46,717)
	763,189	**799,307**
Current	**726,119**	**759,710**
Non-current	**37,070**	**39,597**

8 Inventories

	Consolidated	
	March 31, 2016	**December 31, 2015**
Finished goods	303,620	289,708
Product in process	84,069	86,981
Spare parts and other	48,829	54,428
	436,518	**431,117**

9 Other current tax receivable

	Parent Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
ICMS - State VAT	-	-	103,430	121,754
Credit Installment - PAES	1,977	33,245	1,977	33,245
COFINS - Revenue tax	11,301	11,301	18,389	17,860
PIS - Revenue tax	4	4	1,542	1,428
Impairment provision	(7,587)	(7,587)	(7,587)	(7,587)
Other	282	78	9,124	11,825
	5,977	**37,041**	**126,875**	**178,525**
Current	**5,977**	**37,041**	**85,254**	**135,947**
Non Current	**-**	**-**	**41,621**	**42,578**

10 Related parties

a. Receivables and payables from related parties:

	Parent Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Current Asset				
Corporate operation / Agreements				
Raízen Energia S.A. (ii)	17,978	17,101	28,263	21,313
Rumo	11,178	8,794	11,573	9,181
Cosan Lubrificantes e Especialidades	10,469	8,436	-	-
Aguassanta Participações S.A.	6,322	6,371	6,322	6,371
Radar Propriedades Agricolas S.A.	1,345	1,035	-	-
Cosan Biomassa S.A	961	427	-	-
Cosan Limited	895	982	895	982
Raízen Combustíveis S.A.	264	269	272	709
Cosan Logística	18	18	9,612	3,534
Other	569	653	4,447	4,251
	49,999	**44,086**	**61,384**	**46,341**
Financial operations				
Raízen Energia S.A.	9,672	9,672	10,751	9,672
Raízen Combustíveis S.A.	-	-	-	1,102
Cosan Limited	-	-	27,003	29,485
	9,672	**9,672**	**37,754**	**40,259**
	59,671	**53,758**	**99,138**	**86,600**
Non-current assets				
Preferred shares				
Janus Brasil Participações S.A	20,875	20,875	20,875	20,875
Raízen Energia S.A.	89,763	89,763	89,763	89,763
	110,638	**110,638**	**110,638**	**110,638**
Financial operations				
Rezende Barbosa	85,558	70,365	85,558	70,368
Raízen Energia S.A.	23,866	23,029	23,866	23,029
	109,424	**93,394**	**109,424**	**93,394**
Corporate restructuring	5,870	5,706	15,603	17,312
	225,932	**209,738**	**235,665**	**221,344**

	Parent Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Current liabilieites				
Corporate oprations / Agreements				
Raízen Energia S.A.	112,467	97,253	118,662	100,505
Raízen Combustíveis S.A.	8,672	8,927	7,239	9,447
Rumo	1,480	1,480	1,568	1,512
Cosan Limited	562	-	562	-
Cosan Lubrificantes e Especialidades	258	394	-	-
Cosan Biomassa S.A.	-	216,982	-	-
Outros	618	618	156	-
	124,057	**325,654**	**128,187**	**111,464**
Financial opreations				
Cosan Luxembourg S.A.	19,294	76,416	-	-
Cosan Overseas Limited	22,996	25,682	-	-
Raízen Energia S.A.	-	-	-	3,095
	42,290	**102,098**	**-**	**3,095**
	166,347	**427,752**	**128,187**	**114,559**
Non-current liabilities				
Financial operations				
Cosan Luxembourg S.A.	2,505,122	2,744,584	-	-
Cosan Overseas Limited	1,791,906	1,966,067	-	-
	4,297,028	**4,710,651**	**-**	**-**

b. Related party transactions:

	Parent Company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Product sales				
ALL - América Latina Logistica				
Malha Sul S.A	-	-	15,985	-
Raízen Combustíveis S.A	-	-	3,257	-
Raízen Energia S.A.	-	-	8,369	2,560
Other	-	-	83	79
	-	**-**	**27,694**	**2,639**
Purchase of goods / Inputs				
Raízen Energia S.A.	-	-	(19)	-
Other	-	-	(126)	-
	-	**-**	**(145)**	**-**
Land lease				
Raízen Energia S.A.	-	-	16,171	14,502
	-	**-**	**16,171**	**14,502**
Shared income (expanse)				
Aguassanta Participações S.A.	79	106	79	106
Cosan Biomassa S.A.	533	211	-	-
Radar Propriedades Agrícolas S.A.	688	1,067	-	-
Grupo Rumo	2,467	2,693	2,467	2,693
Cosan Lubrificantes e Especialidades	2,263	2,735	-	-
Raízen Energia S.A.	(1,077)	(1,044)	(9,390)	(9,274)
	4,953	**5,768**	**(6,844)**	**(6,475)**
Financial result				
Usina Santa Luiza	(201)	-	(201)	-
Cosan Lubrificantes e Especialidades	-	22	-	-
Cosan Limited	(37)	139	104	139
Cosan Luxembourg S.A.	215,406	(397,519)	-	-
Pasadena Empreed. Partic. S.A.	164	-	-	-
Cosan Overseas Limited	135,392	-	-	-
Raízen Energia S.A.	361	810	361	810
Other	(17)	77	(2)	(48)
	351,068	**(396,471)**	**262**	**901**

c. Officers' and directors' compensation

Key management includes directors (executive and non-executive) and members of the board.

The compensation paid or payable to key management for their services is shown below

	March 31, 2016	March 31, 2015
Regular compensation	5,737	12,499
Stock option expense	2,127	2,743
Bonuses and other variable compensation	5,286	4,773
	13,150	**20,015**

11 Investments in associates

a. Information on associates and subsidiaries

	Companhia de Gás de São Paulo - "COMGÁS"	Cosan Biomassa	Cosan Global	Cosan Investimentos e Participações S.A.	Cosan Lubrificantes e Especialidades S.A.	Cosan Luxembourgo S.A.	Radar II Propriedades Agrícolas S.A.	Radar Propriedades Agrícolas S.A.
Shares issued by the investee	124,009,308	149,289,282	1	3,778,868,643	290,441	500,000	830,690,258	21,148,989
Shares held by Cosan	73,961,667	149,289,282	1	3,778,868,643	290,437	500,000	539,979,397	4,001,167
Cosan ownership interest (%)	61.33%	100%	100%	100%	100%	100%	65.00%	18.92%
At January 1, 2016	**3,754,589**	**208,849**	**200,663**	**5,824,631**	**(64,018)**	**107,507**	**648,330**	**625,108**
Initial adoption effect in joint ventures (note 2.2)	-	-	-	(92,330)	-	-	-	-
At January 1, 2016 (Restated)	**3,754,589**	**208,849**	**200,663**	**5,732,301**	**(64,018)**	**107,507**	**648,330**	**625,108**
Equity income of investee	123,359	(5,857)	(51,054)	467,754	9,983	(10,862)	7,620	730
Equity method adjustments	-	-	-	(27,177)	-	-	(148)	(266)
Dividends	(724,650)	-	-	-	-	-	-	-
Capital incrase / Decrease	-	(216,982)	7,418	-	-	-	-	-
Other	(11,344)	-	-	-	-	-	-	-
At March 31, 2016	**3,141,954**	**(13,990)**	**157,027**	**6,172,878**	**(54,035)**	**96,645**	**655,802**	**625,572**
Equity income of investee March, 31 2015	18,445	(1,939)	63,953	176,893	(78,853)	14,371	5,339	3,855

b. Consolidated

	Tellus Brasil Participações S.A.	Novvi Limited Liabilitie Company	Janus Brasil Participações S.A.	Other investments	Total
Shares issued by the investee	65.957.282	200.002	16,166,927	-	-
Shares held by Cosan	33.638.214	100.001	31,699,465	-	-
Cosan ownership interest (%)	51.00%	50.00%	51.00%	-	-
At January 1, 2016	**99,638**	**6,783**	**23,713**	**10,002**	**140,136**
Equity income of investee	(1,989)	(866)	866	(3,127)	**(5,116)**
Capital incrase / Decrease	-	2,170	-	-	**2,170**
Other	(492)	-	-	(41)	**(533)**
At March 31, 2016	**97,157**	**8,087**	**24,579**	**6,834**	**136,657**
Equity income of investee March, 31 2015	**2,539**	**(4,950)**	**(23)**	**(2,201)**	**(4,635)**

c. Non-controlling shareholders of the information in the Company's subsidiaries

	Companhia de Gás de São Paulo - "COMGÁS"	Radar II Propriedades Agrícolas S.A.	Radar Propriedades Agrícolas S.A.	Elimination participation Radar II in Radar	Total
Shares issued by the investee	124,009,308	830,690,258	21,148,989	-	-
Shares held by Cosan	47,950,970	290,710,861	17,147,822	-	-
Cosan ownership interest (%)	38.67%	35.00%	81.08%	-	-
At January 1, 2016	**2,109,567**	**349,022**	**1,728,749**	**(498,850)**	**3,688,488**
Equity income of investee	77,665	4,091	3,139	(627)	**84,268**
Equity method adjustments	-	(81)	(1,139)	179	**(1,041)**
Dividends	(475,351)	-	-	-	**(475,351)**
Other	11,344	-	-	-	**11,344**
At March 31, 2016	**1,723,225**	**353,032**	**1,730,749**	**(499,298)**	**3,307,708**

d. Information on subsidiaries:

March 31, 2016, the subsidiary COMGÁS has a balance of regulatory receivable account of R$ (78,027) (R$ 116,947 at December 31, 2015) related to differences between the actual cost incurred gas paid by COMGÁS, and the cost of gas included in the rate and charged customers as tariff structure defined by ARSESP. During the year, the net movement of regulatory account was R$ (194,874) and the update by the Selic rate was R$ 2,252.

The date of the tariff review process of the 2014 cycle 2019 COMGÁS, which was scheduled to take place initially at the end of May 2014, was postponed by ARSESP through Resolutions nº. 494 of 27 May 2014 and nº. 533, of December 10, 2014.

The Company is awaiting the agency information on the next steps of the tariff review process.

12 Investments in joint ventures

	Consolidated		
	Raízen Combustíveis S.A.	**Raízen Energia S.A.**	**Total**
Shares issued by investee	3,303,168,484	5,902,595,634	-
Shares held by Cosan	1,651,584,242	2,951,297,817	-
Cosan ownership interest (%)	50%	50%	-
December 31, 2015	**3,204,833**	**5,124,685**	**8,329,518**
Initial adoption effect in joint ventures (note 2.2)	-	(92,330)	**(92,330)**
December 31, 2015 (Restated)	**3,204,833**	**5,032,355**	**8,237,188**
Equity in earnings (losses) of jointly controlled entities	81,185	360,159	**441,344**
Equity method adjustments	(1,045)	(14,572)	**(15,617)**
Interest on capital	(16,500)	-	**(16,500)**
Dividends	(182,060)	(197,782)	**(379,842)**
March 31, 2016	**3,086,413**	**5,180,160**	**8,266,573**
Equity income of investee March, 31 2015	152,765	5,007	157,772

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in operating segments (Note 5).

Pursuant to the terms of the Raízen Joint Venture - Framework Agreement, Cosan is responsible for certain legal proceedings that existed prior to the formation of Raízen, net of judicial deposits as of April 1, 2011, as well as tax installments under the REFIS (tax amnesty and refinancing program), recorded in "Other taxes payable". Additionally, Cosan has access to a credit line (stand-by facility) granted to Raízen in the amount of US$500 million, which was unused at March 31, 2016.

13 Assets held for sale and investment property

	Investment property	**Assets held for sale**	**Total**
At December 31, 2015	**2,595,035**	**111,638**	**2,706,673**
Change in fair value	(290)	-	(290)
Transfers	(68,604)	68,604	-
At March 31, 2016	**2,526,141**	**180,242**	**2,706,383**

14 Property and equipment

	Consolidated				
	Land, buildings and improvements	**Machinery, equipment and facilities**	**Construction in progress**	**Other**	
Cost					
At December 31, 2015	**232,615**	**162,955**	**58,749**	**54,179**	
Additions	-	-	5,907	-	
Disposals	-	(1)	-	-	
Transfers (i)	903	612	(7,967)	637	
At March 31, 2016	**233,518**	**163,566**	**56,689**	**54,816**	
Depreciation					
At December 31, 2015	**(31,405)**	**(42,804)**	**-**	**(32,489)**	
Additions	(1,682)	(3,240)	-	(1,464)	
Disposals	-	1	-	-	
Transfers (i)	637	-	-	-	
At March 31, 2016	**(32,450)**	**(46,043)**	**-**	**(33,953)**	
At December 31, 2015	**201,210**	**120,151**	**58,749**	**21,690**	
At March 31, 2016	**201,068**	**117,523**	**56,689**	**20,863**	

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

15 Intangible assets

	Consolidated					
	Goodwill	Concessionntangible assets - COMGAS	Trademarks	Related customer relationships	Other	
Cost:						
At December 31, 2015	**612,840**	**9,159,112**	**252,474**	**940,470**	**285,615**	
Additions	-	76,813	-	18,830	2,640	
Disposals	-	(8,493)	-	(1,026)	-	
Transfers (i)	-	385	-	(1,740)	6,533	
At March 31, 2016	**612,840**	**9,227,817**	**252,474**	**956,534**	**294,788**	
Amortization						
At December 31, 2015	**-**	**(921,733)**	**(159,789)**	**(575,411)**	**(146,309)**	
Additions	(1,423)	(81,511)	(5,707)	(36,712)	(11,396)	
Disposals	-	6,244	-	520	-	
Transfers (i)	-	124	-	-	(124)	
At March 31, 2016	**(1,423)**	**(996,876)**	**(165,496)**	**(611,603)**	**(157,829)**	
At December 31, 2015	**612,840**	**8,237,379**	**92,685**	**365,059**	**139,306**	
At March 31, 2016	**611,417**	**8,230,941**	**86,978**	**344,931**	**136,959**	

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

Capitalization of borrowing costs

Capitalized borrowing costs for period ended on March 31, 2016, amounted to R$ 5,182 (R$ 4,545 for period ended on March 31, 2015), relating to interest on loans obtained for the construction of these assets. The weighted average interest rate used to capitalize borrowing costs on the balance of construction in progress, was 13.94% p.a. for the period ended on March 31, 2016 (12.37% p.a. on March 31, 2015).

Intangible assets (excluding goodwill)	**Annual rate of amortization - %**	**March 31, 2016**	**December 31, 2015**
Concession intangible asset - COMGÁS (a)	Over the concession term	8,230,941	8,237,379
Trademarks			
Mobil	10.00	62,774	68,481
Comma	-	24,204	24,204
		86,978	**92,685**
Relationship with customers:		-	
Comgás	20.00	294,954	313,693
Lubrificantes	6.00	49,977	51,366
		344,931	**365,059**
Other		-	
Software licenses	20.00	113,222	112,570
Other		23,737	26,736
		136,959	**139,306**
Total		**8,799,809**	**8,834,429**

Impairment analysis of the recoverable value for cash-generating units containing goodwill

During the period ended March 31, 2016 were not identified impairment indicators were to apply for a review of the last test performed on the base date of December 31, 2015.

16 Loans, borrowings and debentures

	Interest		Parent Company		Consolidated		
Description	**Index(i)**	**Annual interest(ii)**	**March 31, 2016**	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**	**Maturity**
Loan and borrowings							
BNDES	TJ462	10.43%	-	-	770,501	809,660	Oct-2020
	Selic	16.22%	-	-	316,655	298,258	Oct-2020
	TJLP	10.19%	-	-	190,565	176,900	Oct-2018
EIB	US$ + Libor	2.28%	-	-	779,278	869,014	Sep-2021
FINAME	Pré-fixado	5.50%	-	-	149	164	Feb-2025
FINEP	Pré-fixado	5.00%	-	-	130,077	137,133	Nov-2020
Foreign loans	LIBOR Sterling	3.95%	-	-	279,781	312,940	Dec-2019
Perpetual Notes	US$	8.25%	-	-	1,801,543	1,976,673	-
Resolution 4131	US$	3.11%	-	-	144,693	161,796	Oct-2020
	US$ + LIBOR	2.40%	-	-	439,467	471,045	Mar-2018
	US$ + LIBOR	1.97%	359,192	406,348	359,192	406,348	Nov-2016
Senior Notes Due 2018	Fixed	9.50%	-	-	854,964	875,376	Mar-2018
Senior Notes Due 2023	US$	5.00%	-	-	1,811,358	2,009,296	Mar-2023
Working capital	CDI + 0.28% p.m.	18.02%	-	-	23,471	25,004	Dec-2016
	121.10% of CDI	17.37%	-	-	8,015	10,143	Nov-2016
Secured account	118% of CDI	16.88%	-	-	65,989	17,763	Apr-2016
Prepayment	-	3.62%	-	-	50,016	-	Feb-2017
			359,192	**406,348**	**8,025,714**	**8,557,513**	
Non-convertible debentures			-	-	1,248,769	1,198,190	
Total			**359,192**	**406,348**	**9,274,483**	**9,755,703**	
Current			**359,192**	**406,348**	**1,214,715**	**1,230,518**	
Non-current			**-**	**-**	**8,059,768**	**8,525,185**	

(i) TJLP and URTJLP are long-term interest rates set on loans by the BNDES, the Brazilian National Economic and Social Development Bank. Selic is the benchmark interest rate set by the Central Bank of Brazil. CDI is a benchmark interbank lending rate in Brazil. IPCA is a benchmark consumer price index; and

(ii) At March, 31 2016.

The carrying amounts and fair value of loans and borrowings:

	March, 31 2016	**December, 31 2015**
13 to 24 months	1,878,557	628,853
25 to 36 months	876,607	2,181,646
37 to 48 months	657,094	670,499
49 to 60 months	665,628	727,953
61 to 72 months	174,330	184,070
73 to 84 months	1,917,023	120,819
85 to 96 months	61,293	2,010,345
Thereafter	1,829,236	2,001,000
	8,059,768	**8,525,185**

Debêntures

				Interest			
Description	**Issue**	**Series**	**Quantity**	**Index**	**Annual interest**	**March 31, 2016**	**December 31, 2015**
Non-convertible debentures							
9/15/2013	3rd	1st	128,197	CDI	0.90%	128,989	133,624
9/15/2013	3rd	2nd	269,338	IPCA	5.10%	336,590	320,419
9/15/2013	3rd	3rd	142,465	IPCA	5.60%	177,200	166,300
Transaction cost	3rd					(4,211)	(4,750)
12/15/2015	4th	1st	269,620	IPCA	7.14%	283,109	270,642
12/15/2015	4th	2nd	242,374	IPCA	7.48%	254,710	243,308
12/15/2015	4th	3rd	79,900	IPCA	7.36%	83,942	80,207
Transaction cost	4th					(11,560)	(11,560)
At March 31, 2016						**1,248,769**	**1,198,190**

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

	March 31, 2016	**December 31, 2015**
US Dollar(i)	5,385,547	5,894,172
Brazilian Real	3,609,155	3,548,591
Pound Sterlind	279,781	312,940
	9,274,483	**9,755,703**

(i) At March 31, 2016, all debts denominated in US dollars have currency risk protection through derivatives. See details in note 25.

Covenants

For the three-month period ended March 31, 2016, the Company, its subsidiaries and its joint ventures were in compliance with all terms of contracts.

17 Trade payables

	Parent company		**Consolidated**	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Natural gas suppliers	-	-	1,352,519	1,489,552
Judicial deposits	-	-	(294,976)	(294,976)
Material and services suppliers	1,194	1,151	334,079	350,246
	1,194	**1,151**	**1,391,622**	**1,544,822**

(i) On March 31, 2016, the guaranteed value in the judicial deposit is R$ 294,976 and the guaranteed value through surety is of R$ 689,314.

18 Other taxes payable

	Parent Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Tax amnesty and refinancing program - Refis	27,577	30,789	27,577	30,789
COFINS - Revenue tax	2,339	11,905	21,897	20,815
PIS - Revenue tax	456	2,510	4,731	4,432
INSS - Social security	481	539	716	782
Other	395	508	28,001	17,215
ICMS - State VAT	-	4	84,160	71,438
	31,248	**46,255**	**167,082**	**145,471**
Current	**9,456**	**21,025**	**145,290**	**120,241**
Non-Current	**21,792**	**25,230**	**21,792**	**25,230**

19 Income tax and social contribution

a. Reconciliation of income and social contribution tax expenses:

	Parent company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Profit (loss) before taxes	112,165	(126,481)	327,889	(100,122)
Income tax and social contribution at nominal rate (34%)	(38,136)	43,004	(111,482)	34,041
Adjustments to determine the effective rate				
Equity method investments (non taxable income)	168,810	58,367	148,318	52,067
Non-deductible expenses (donations, gifts, etc.)	(69)	(271)	(2,135)	(12,239)
Stock options	(723)	(932)	(723)	(932)
Interest capital - benefit	-	-	(5,610)	(6,120)
Out of period carryforward tax losses (reversals)	-	-	(193)	(73)
Differences in tax rates on earnings / losses of overseas companies	-	(17,370)	(30,453)	11,365
Differences in tax rates on entities under Brazilian presumed profits tax regime	-	-	2,434	6,361
Compensation action	1,398	-	1,398	-
Other	5,261	-	3,531	54
Income tax and social contribution expense (current and deferred)	**136,541**	**82,798**	**5,085**	**84,524**

b. Deferred income tax assets and liabilities:

	Parent Company				
	March 31, 2016				
	Base	IRPJ	CSLL	Total	December 31, 2015
Tax loss carryforwards:					
Income tax loss carryforwards	618,394	154,598	-	154,598	120,391
Social contribution tax loss carryforwards	629,817	-	56,684	56,684	44,369
Temporary differences:	-	-	-	-	-
Foreign currency gains/losses	1,822,167	455,542	163,995	619,537	775,033
Tax deductible goodwill	(64,185)	(16,046)	(5,777)	(21,823)	(21,823)
Provision for judicial demands	198,035	49,509	17,823	67,332	60,288
Allowance for doubtful accounts	20,902	5,226	1,881	7,107	7,107
Profit sharing	4,564	1,141	411	1,552	4,612
Derivatives instrumets unrealized gains	(666,640)	(166,660)	(59,998)	(226,658)	(413,686)
Other temporary differences	433,706	108,427	39,034	147,461	92,957
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,037)
Total net liability		**(242,849)**	**(86,398)**	**(329,247)**	**(465,789)**

	Consolidated				
	March 31, 2016				
	Base	IRPJ	CSLL	Total	December 31, 2015
Tax loss carryforwards:					
Income tax loss carryforwards	1,405,324	351,331	-	351,331	311,140
Social contribution tax loss carryforwards	1,423,965	-	128,157	128,157	113,688
Temporary differences:	-	-	-	-	-
Foreign currency gains/losses	2,074,924	518,731	186,743	705,474	891,270
Tax deductible goodwill	136,927	34,232	12,323	46,555	101,293
Provision for judicial demands	510,969	127,742	45,987	173,729	164,177
Allowance for doubtful accounts	183,124	45,781	16,481	62,262	60,229
Profit sharing	7,793	1,948	701	2,649	6,790
Derivatives instrumets unrealized gains	(666,922)	(166,731)	(60,023)	(226,754)	(435,946)
Other temporary differences	563,522	144,043	51,822	195,865	139,012
Review of useful life	(289,078)	(72,270)	(26,017)	(98,287)	(100,153)
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,037)
Unrealized gains on investment properties	(1,975,635)	(39,513)	(21,337)	(60,850)	(62,069)
Assets held for sale	(85,692)	(1,714)	(925)	(2,639)	(1,255)
Concession contract	(35,495)	(8,874)	(3,195)	(12,069)	(12,552)
Regulatory asset	221,559	55,390	19,940	75,330	76,764
Gains or losses on actuarial liabilities	310,490	77,623	27,944	105,567	103,820
Business combination - Intangible	(3,595,191)	(898,798)	(323,567)	(1,222,365)	(1,234,094)
Business combination - Other fair value adjustments	(772,238)	(44,697)	(18,413)	(63,110)	(66,404)
Total net liability		**(710,363)**	**(263,831)**	**(974,192)**	**(1,079,327)**
Deferred income tax - Assets				325,401	335,808
Deferred income tax - Liabilities				(1,299,593)	(1,415,135)
Total net deferred taxes				**(974,192)**	**(1,079,327)**

c. Changes in deferred income taxes, net:

	Parent company	Consolidated
At December 31, 2015	(465,789)	(1,079,327)
Deffered tax record in Profit or Loss	136,541	95,489
Other comprehensive income	1	827
Other	-	8,819
At March 31, 2016	**(329,247)**	**(974,192)**

20 Provision for legal proceedings

	Provision for legal proceedings			
	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Tax	76,053	73,320	382,070	376,532
Civil	62,559	57,542	171,820	161,740
Labor	138,574	135,678	168,203	165,075
	277,186	**266,540**	**722,093**	**703,347**

Judicial deposits on March 31, 2016 and December 31, 2015 are as follows:

	Judicial deposit			
	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Tax	210,901	212,119	355,787	353,961
Civil and enviromental	14,486	13,797	19,106	19,465
Labor	27,657	26,597	42,180	39,641
	253,044	**252,513**	**417,073**	**413,067**

Changes in provision for judicial demands:

	Parent company			
	Tax	Civil	Labor	Total
At December 31, 2015	**73,320**	**57,542**	**135,678**	**266,540**
Provisions	1,199	6,240	5,956	13,395
Settlement / Write-offs	(608)	(2,104)	(5.584)	(8,296)
Monetary variation	2,142	881	2.524	5,547
At March 31, 2016	**76,053**	**62,559**	**138,574**	**277,186**

	Consolidated			
	Tax	Civil	Labor	Total
At December 31, 2015	**376,532**	**161,740**	**165,075**	**703,347**
Provisions	1,485	6,402	6,989	14,876
Settlement / Write-offs	(1,845)	(2,480)	(6,042)	(10,367)
Monetary variation	5,898	6,158	2,181	14,237
At March 31, 2016	**382,070**	**171,820**	**168,203**	**722,093**

a. Tax

The main tax lawsuits at March 31, 2016 and December 31, 2015, are as follows:

	Parent company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Compensation with FINSOCIAL	-	-	258,489	255,022
INSS	49,951	48,884	59,181	57,916
ICMS credits	21,151	18,777	30,000	29,248
PIS and COFINS	197	-	197	-
IPI	1,125	1,105	1,125	1,105
IRPJ and CSLL	329	329	329	329
Other	3,300	4,225	32,749	32,912
	76,053	**73,320**	**382,070**	**376,532**

b. Cívil and labor

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

The Company and its subsidiaries are parties to labor claims filed by former employees and employees of service providers who question, among other, payment of overtime, night and dangerous, job reinstatement, compensation for accidents at work and back discounts made in payroll, such as confederal contributions, union dues and other.

Contingencies - Lawsuits considered as possible losses therefore not provided

a. Tax

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

	Parent company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
ICMS- state VAT	1,382,618	1,348,914	1,718,332	1,678,491
Federal income taxes (i)	327,600	323,929	1,481,138	820,972
PIS and COFINS - revenue taxes	721,872	708,141	736,624	733,799
IRRF - Whithholding tax	2,581	2,551	744,654	729,070
INSS - social security	549,796	541,700	599,233	577,686
IPI - Excise tax	427,317	423,246	489,983	484,606
Compensation with IPI - IN 67/98	124,737	123,522	124,737	123,522
Other	531,270	524,031	756,506	768,728
	4,067,791	3,996,034	6,651,207	5,916,874

(i) The tax contingencies relate to the tax assessments mainly in the Federal sphere assessed as possible losses by the legal counsel and management and, therefore, no reserve was required. Until the date of approval of the interim financial statements, the Company had science assessment notice on goodwill amortization expense amounting possible is R$598,052. The tax assessment is questioned at the administrative level.

b. Cívil and labor

	Parent company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Civil	597,290	522,973	1,239,008	1,132,962
Labor	404,035	368,506	433,915	398,242
	1,001,325	**891,479**	**1,672,923**	**1,531,204**

21 Shareholders' equity

a. Share capital

The subscribed capital of R$ 3,822,725 fully paid on March 31, 2016 and December 31, 2015 is represented by 407,214,353 common shares, without par value.

The authorized common stock may be increased up to the limit of R$ 6,000,000, regardless of statutory, by resolution of the Board of Directors, who have the power to fix the number of shares to be issued, the issue price and other conditions of subscription and payment of shares within the authorized capital.

b. Statutory reserve

The Statutory reserve aims to strengthen the working capital to finance the maintenance, expansion and development of the activities that make up the objects of the Company and / or its subsidiaries.

This special reserve shall be composed of up to 75% of net income for each period performed after the other profit reserves and up to the limit of 100% of the common stock.

c. Unrealized profit reserver

The Unrealized Profit Reserve was established in the year ended March 31, 2012 when the amount of the mandatory dividend, calculated under art. 202 of Law no. 6.404/76, as amended, exceeds the realized portion of net income, which was obtained by the net income for that year reduced by the (i) net profit of equity and (ii) the profits, income or net gain on operations assets and liabilities at market value, the period of realization will occur in the next financial year.

d. Share repurchase program

On June 11, 2013, the Board of Directors approved the repurchase of shares of the Company to be held in treasury, canceled or sold. The deadline for completion of the transaction is 365 days and the maximum shares that can be repurchased in the period was 4,600,000 common shares (representing 1.129626% of the total number of shares).

Until the period ended at December 31, 2015 there was no repurchase share.

In March 31, 2016, the Company had 1,357,539 treasury shares, whose market price was R$ 31.74 (R$ 25.20 on December 31, 2015).

e. Other comprehensive income

	Consolidated				
		Comprehensive income			
	December 31, 2015	Base	Deferred tax	Net	March 31, 2016
Foreign currency translation differences - equity - accounted investee	(80,378)	27,868	-	27,868	(52,510)
Gain (loss) on cash flow hedge	(235,891)	(27,092)	-	(27,092)	(262,983)
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	-	-	190,735
Defined benefit plan actuarial gain (losses)	4,396	-	-	-	4,396
Loss in the initial measurement of derivative financial instrument	(60,631)	-	-	-	(60,631)
Available for sale financial assets from securities	30,739	(2,433)	827	(1,606)	29,133
Total	**(151,030)**	**(1,657)**	**827**	**(830)**	**(151,860)**
Attributable to:					
Owner of the Cosan	(184,691)	-	-	211	(184,480)
Non-controlling interests	33,661	-	-	(1,041)	32,620

f. Dividends

On February 18, 2016, the Board of Directors approved the payment of the Company's interim dividends in the amount of R$ 285,000 (two hundred eighty-five million reais) in accordance with Article 31 of the Company's bylaws

22 Earnings per share

	March 31, 2016	March 31, 2015
Profit attributable to ordinary equity holders for basic earnings	**248,706**	**(43,683)**
Effect of dilution:		
Put option	(14,248)	-
Profit attributable to ordinary equity holders adjusted for the effect of dilution	**234,458**	**(43,683)**
Weighted average number of shares outstanding - basic	**405,856,814**	**405,856,814**
Effect of dilution:		
Stock option	670,463	1,068,629
Put option	10,923,393	-
Weighted average number of shares outstanding - diluted	**417,450,670**	**406,925,443**
Basic earnings per share continued operations	R$0.61	(R$0.11)
Diluted earnings per share continued operations	R$0.56	(R$0.11)

23 Financial results

	Parent Company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Cost of gross debt				
Interest on debt	8,455	5,300	(190,508)	(162,988)
Monetary and exchange rate variation about debt	34,574	(55,240)	515,524	(669,477)
Derivatives	(488,799)	624,700	(647,602)	559,060
Guarantees and warranties about split	-	-	(13,473)	(5,744)
	(445,770)	574,760	(336,059)	(279,149)
Cash investment income	25,354	8,103	95,746	43,528
	25,354	**8,103**	**95,746**	**43,528**
Cost of debt, net	**(420,416)**	**582,863**	**(240,313)**	**(235,621)**
Other charges and monetary variations				
Interest on other receivables	25,951	4,759	32,035	13,137
Interest on capital	16,500	-	-	-
Interest on other liabilities	(181,475)	(68,077)	(220,963)	(84,380)
Bank charges	(6,207)	(5,902)	(8,795)	(11,390)
Other	253,108	(677,579)	(11,324)	33,541
	107,877	**(746,799)**	**(209,047)**	**(49,092)**
Financial results, net	**(312,539)**	**(163,936)**	**(449,360)**	**(284,713)**
Financial expenses	(243,157)	(114,169)	(494,390)	(273,813)
Financial income	69,425	38,198	189,136	64,109
Exchange variation	447,749	(712,665)	507,512	(568,545)
Derivatives	(586,556)	624,700	(651,618)	493,536
Financial results, net	**(312,539)**	**(163,936)**	**(449,360)**	**(284,713)**

24 Other income (expense), net

	Parent company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Profit on disposal of non-current assets	-	-	(2,017)	(1,281)
Changes in the fair value of investment properties	-	-	(290)	14,320
Provisions for legal proceedings	(36,840)	(8,767)	(35,486)	(8,890)
Costs to operation transactions (i)	-	(101,259)	-	(101,259)
Other	542	318	(2,043)	(1,754)
	(36,298)	**(109,708)**	**(39,836)**	**(98,864)**

(i) Relates to costs incurred by the Company with lawyers, consultants, business advisors and other related services for certain internal reorganizations and prospective acquisitions..

25 Financial instruments

Financial risk management

Overview

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

- Credit risk;

- Liquidity risk; and
- Market risk

This note presents information about the exposure of the Company and its subsidiaries to the above risks, as well as the objectives of the Company's risk management policies, these policy and processes for the assessment and management of risks.

The carrying amount of financial assets and financial liabilities are as follows:

	March 31, 2016	December 31, 2015
Assets		
Fair value through profit or loss		
Exclusive funds	1,916,368	2,213,630
Marketable securities	254,313	241,430
Derivate financial instruments	1,870,234	2,292,859
	4,040,915	**4,747,919**
Loans and receivables		
Cash and cash equivalents	743,883	915,900
Trade receivables	763,189	799,307
Receivables from related parties	334,803	307,944
Dividends receivable	143,976	11,321
	1,985,851	**2,034,472**
Total	**6,026,766**	**6,782,391**
Liabilities		
Liabilities amortized cost		
Loans, borrowings and debentures	5,690,479	5,353,958
Trade payables	1,391,622	1,544,822
Payables to related parties	128,187	114,559
Contingent consideration	150,255	217,377
Dividends payable	33,295	41,656
Tax installments - REFIS	27,577	30,789
Preferred shareholders payable in subsidiaries	2,111,942	2,042,878
Other	126,159	147,224
	9,659,516	**9,493,263**
Fair value through profit or loss		
Loans, borrowings and debentures	3,584,004	4,401,745
Pension and post-employment benefits	349,296	344,334
Derivative financial instruments	961,318	740,718
	4,894,618	**5,486,797**
	14,554,134	**14,980,060**

During the year there was no reclassification between categories, fair value through profit or loss, loans and receivables and liabilities at the amortized cost presented above.

Risk management structure

As at March 31, 2016 and December 31, 2015, the fair values relating to transactions involving derivative financial instruments to protect the Company’s risk exposure were using observable inputs such as quoted prices in active markets, or discounted cash flows based on market curves, and are presented below:

	Notional		Fair value	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Exchange rate derivatives				
Forward agreements	1,826,141	2,058,190	(251,845)	46,200
	1,826,141	2,058,190	(251,845)	46,200
Interest rate and exchange rate risk				
Swap agreements (interest rate)	900,634	900,634	(35,132)	(69,964)
Cross currency interest rate swaps	3,830,924	3,889,822	1,195,893	1,575,905
	4,731,558	4,790,456	1,160,761	1,505,941
Total financial instruments			**908,916**	**1,552,141**
Assets			**1,870,234**	**2,292,859**
Liabilities			**(961,318)**	**(740,718)**

Credit risk

	March 31, 2016	**December 31, 2015**
Cash and cash equivalents(i)	2,660,251	3,129,530
Trade receivables(ii)	763,189	799,307
Derivative financial instruments(iii)	1,870,234	2,292,859
Marketable securities	254,313	241,430
Dividends receivable	143,976	11,321
	5,691,963	**6,474,447**

(i) The Company held cash and cash equivalents of R$ 2,660,251 at March, 31 2016 (R$ 3,129,530 at December, 31 2015). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA e AAA.

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

	March 31, 2016	**December 31, 2015**
AAA	254,313	1,116,836
AA	3,703,258	3,701,377
A	467,815	297,671
BBB	359,989	542,706
	4,785,375	**5,658,590**

(i) Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Management considers that the credit risk is covered by the allowance for doubtful accounts.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 15. The Company's maximum exposure for financial guarantees and financial derivative instruments are as below.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As mentioned in Note 1, Management has been working on measures to enable the Company to honor its Commitments.

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

	March 31, 2016					December 31, 2015
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total	Total
Loans, borrowings and debentures	(1,641,125)	(2,408,138)	(5,453,890)	(5,912,162)	(15,415,315)	(17,936,372)
Trade payables	(1,391,622)	-	-	-	(1,391,622)	(1,544,822)
REFIS	(6,607)	(5,521)	(9,821)	(8,853)	(30,802)	(34,503)
	(3,039,354)	**(2,413,659)**	**(5,463,711)**	**(5,921,015)**	**(16,837,739)**	**(19,515,697)**

Market risk

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

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

a. Foreign exchange risk

As at March 31, 2016 and December 31, 2015, the Company and its subsidiaries had the following net exposure to the exchange rate variations on assets and liabilities denominated in Brazilian *Reais*:

	March 31, 2016		December 31, 2015	
	R$	**US$**	**R$**	**US$**
Cash and cash equivalents	126,770	35,621	123,038	31,509
Trade receivables	15,155	4,258	16,112	4,126
Loans, borrowings and debentures	(5,385,547)	(1,513,262)	(5,894,172)	(1,509,468)
Contingent consideration	(17,993)	(5,056)	(65,064)	(16,663)
Derivative financial instruments (notional)	5,657,065	1,589,554	5,959,411	1,526,176
Foreign exchange exposure, net	**395,450**	**111,116**	**139,325**	**35,680**

Sensitivity analysis on changes in foreign exchange rates:

The probable scenario was defined based on the U.S. Dollar market rates as at March 31, 2016, which determines the fair values of the derivatives at that date. Stressed scenarios (positive and negative effects, before tax effects) were defined based on changes of a 25% and 50% to the U.S. Dollar exchange rates used in the probable scenario.

Based on the financial instruments denominated in U.S. Dollars at March 31, 2016, the Company performed a sensitivity analysis by increasing and decreasing the exchange rate for R$/US$ by 25% and 50%. The probable scenario considers the estimated exchange rates at the due date of the transactions for the companies with functional currency Real (positive and negative, before tax effects), as follows:

		Exchange rate sensitivity analysis (R$/US$)				
		Scenario				
	March 31, 2016	**Probable**	**25%**	**50%**	**-25%**	**-50%**
At March 31, 2016	3,5589	3,9600	4,4486	5,9400	2,6692	1,7795

Considering the above scenario the profit or loss would be impacted as follows:

		Variation scenario				
Instrument	**Risk factor**	**Probable**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	USD fluctuation	14,287	49,552	84,816	(20,977)	(56,241)
Trade receivables	USD fluctuation	1,708	5,924	10,140	(2,508)	(6,723)
Exchange rate derivatives (notional)	USD fluctuation	205,812	713,801	1,221,789	(302,176)	(810,164)
Exchange rate and interest derivatives (notional)(i)	USD and CDI fluctuation	431,758	1,497,429	2,563,099	(633,912)	(1,699,583)
Loans, borrowings and debentures	USD fluctuation	(606,969)	(2,105,098)	(3,603,227)	891,160	2,389,289
Contingent consideration	USD fluctuation	(2,028)	(7,033)	(12,038)	2,977	7,983
Impacts on profit or loss		**44,568**	**154,575**	**264,579**	**(65,436)**	**(175,439)**

(i) For sensitivity analysis, it's only considered exchange rate swaps for Notional.

b. Interest rate risk

The Company and its subsidiaries monitor the fluctuations in variable interest rates in connection with its borrowings, especially those that accrue interest using LIBOR, and uses derivative instruments in order to minimize variable interest rate fluctuation risks.

Sensitivity analysis on changes in interest rates:

A sensitivity analysis on the interest rates on loans and borrowings in compensation for the CDI investments with pre-tax increases and decreases of 25% and 50% is presented below:

	March 31, 2016				
Exposure interest rate(i)	**Nominal amount**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	345,033	86,258	172,516	(86,258)	(172,516)
Marketable securities	35,095	8,774	17,548	(8,774)	(17,548)
Interest rate derivatives	(35,132)	(110,153)	(210,138)	122,723	261,144
Loans, borrowings and debentures	(712,329)	(178,082)	(356,164)	178,082	356,164
Impacts on profit or loss	**(367,333)**	**(193,203)**	**(376,238)**	**205,773**	**427,244**

The probable scenario considers the projections of the Company to interest rates, as follows:

	Probable	**25%**	**50%**	**-25%**	**-50%**
SELIC	13.82%	17.28%	20.73%	10.37%	6.91%
CDI	13.80%	17.25%	20.70%	10.35%	6.90%
TJ462	8.50%	10.63%	12.75%	6.38%	4.25%
TJLP	7.50%	9.38%	11.25%	5.63%	3.75%
IPCA	5.65%	7.06%	8.47%	4.24%	2.82%
LIBOR	1.20%	1.50%	1.80%	0.90%	0.60%

Financial instruments fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The cash and cash equivalents, accounts receivable, trade receivables, trade payables and other current liabilities approximate their carrying amount largely due to the short-term maturity of these instruments.

- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- The market value of the Senior Notes Due 2018 and 2023 listed on the Luxembourg Stock Exchange (Note 15) is based on their quoted market price as of March 31, 2016, of 81.60% (78.71% on December 31, 2015) and 87.85% (83.83% at December 31, 2015), respectively, of the face nominal value at March 31, 2016.

- The fair value of Perpetual Notes listed on the Luxembourg Stock Exchange (Note 15) is based on their quoted market price as March 31, 2016 of 84.44% (79.64% at December 31, 2015) of the face value of obligations at March 31, 2015.

- The fair value of other loans and financing, the respective market values substantially approximate the amounts recorded due to the fact that these financial instruments are subject to variable interest rates (Note 15).

- The fair values of the remaining of assets held for sale are derived from quoted market prices in active markets.

The Company and its subsidiaries enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with observable market data refer mainly to interest rate swaps and foreign exchange forward contracts.

The fair value of derivative financial instruments is determined using valuation techniques and observable market data. The valuation techniques applied more often include pricing models and swaps contracts, with a present value calculation. The models consider various data, including counterparty credit quality, spot exchange rates, forward curves of interest rates and curves of the commodity term rates.

The carrying amounts and fair value of financial assets and financial liabilities are as follows:

	Carrying amount		Assets and liabilities measured at fair value			
			March 31, 2016		December 31, 2015	
	March 31, 2016	December 31, 2015	Level 1	Level 2	Level 1	Level 2
Assets						
Exclusive funds	1,916,368	2,213,630	-	1,916,368	-	2,213,630
Marketable securities	254,313	241,430	-	254,313	-	241,430
Derivate financial instruments	1,870,234	2,292,859	-	1,870,234	-	2,292,859
Total	**4,040,915**	**4,747,919**	**-**	**4,040,915**	**-**	**4,747,919**
Liabilities						
Loans, borrowings and debentures	(3,584,004)	(4,401,745)	-	(3,584,004)	-	(4,401,745)
Pension and post-employment benefits	(349,296)	(344,334)	-	(349,296)	-	(344,334)
Derivative financial instruments	(961,318)	(740,718)	-	(961,318)	-	(740,718)
Derivative financial instruments	126,159	147,224	-	126,159	-	147,224
Total	**(4,768,459)**	**(5,339,573)**	**-**	**(4,768,459)**	**-**	**(5,339,573)**

Hedge accounting - Fair value

Currently the Company has adopted the fair value hedge for some of its operations that both the hedging instruments and the hedged items are accounted for at fair value through profit or loss. Operations and accounting effects of this adoption are as follows:

	Debt	Derivative	Total
At December 31, 2015	2,522,772	(822,586)	1,700,186
Interest amortization	(45,299)	(42,401)	(87,700)
Fair value	(123,442)	982,131	858,689
At March 31, 2016	**2,354,031**	**117,144**	**2,471,175**

Capital management

The Company's policy is to maintain a robust capital base to promote the confidence of investors, creditors and the market, and to ensure the future development of the business. Management monitors that the return on capital is adequate for each of its businesses.

26 Post-employment benefits

	March 31, 2016	December 31, 2015
Futura	48,326	48,414
Futura II	134	222
COMGÁS	300,836	295,698
	349,296	**344,334**

During the period ended March 31, 2016, the expense recognized in relation to the actuarial contributions was R$ 6,921 (R$ 7,577 on March 31, 2015).

27 Share-based payment

The vesting period and share options outstanding at the end of the period are as follows:

				Number of instruments				
Share option programmes	**Expected life (years)**	**Interest rate**	**Expected volatility**	**Granted**	**Outstanding**	**Market price on grant date**	**Exercise price at March 31, 2015**	**Fair value at grant date - R$(i)**
August 18, 2011 - *Tranche A*	1 to 5	12.39%	31.44%	4,825,000	2,250,000	22.98	23.91	6,80
August 18, 2011 - *Tranche B*	1 to 10	12.39%	30.32%	5,000,000	4,080,000	22.98	23.91	8,15
December 12, 2012 - *Tranche C*	1 to 5	8.78%	31.44%	700,000	652,000	39.80	41.41	10.10
April 24, 2013	5	13.35%	27.33%	970,000	945,000	46.51	47.37	17,95
April 25, 2014	5	12.43%	29.85%	960,000	945,000	37.10	38.67	15,67
August 31, 2015	5	14.18%	33.09%	759,000	759,000	18.15	20.03	7.67
				13,214,000	**9,631,000**			

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

The number and weighted-average exercise prices of share options under the share option programs were as follows:

	Number of options	Weighted average
December 31, 2015	**9,671,000**	**30.09**
Cancellation or sttlements	(40,000)	
March 31, 2016	**9,631,000**	**28.54**

28 Subsequent events

28.1 Capital increase in indirect subsidiary COMGÁS

On April 26, 2016 COMGÁS approved the capital increase of R$168,828, from R$1,143,548 at December 31, 2015, to R$1,312,376, through the capitalization of capital reserve in the amount of the effective credit tax earned by the Company in the year ended December 31, 2015.

28.2 Exercise of right of stocks exchange

On April 28, 2016, the GIF Rumo Fundo de Investimento em Participações (“GIF”), a subsidiary of Gávea Investimentos and shareholders of Rumo, exercised its right to exchange 12,831,102 (twelve million, eight hundred thirty-one thousand, one hundred and two) shares issued by Rumo (ticker: RUMO3), - for shares issued by Cosan S.A. (ticker: CSAN3) and shares issued by Cosan Logística S.A. (ticker: RLOG3).

The exchange ratio established is of 19.246654 Bound Shares to one (1) share of Cosan S.A and one (1) share of Cosan Log (“Exchange Ratio"), subject to usual adjustments to be determined within the contractual terms, such as Rumo’s share grouping which is determined within the established contractual terms. The liquidation of such transaction can be made based on shares swap, as provisioned, or through alternative instruments to be agreed between the parties.

28.3 Approval of the allocation of income

As General and Extraordinary Shareholders' Meeting held on 29 April 2016, the dividend distribution was approved and the remaining balance for the results ended December 31, 2015, by converting part of the existing balance in the Special Reserve Account (Statutory Reserve), changing hence the "caput" of Article 5 of the Company's Bylaws.

Cosan S.A. Indústria e Comércio

Financial statements ended
December 31, 2015

KPMG Auditores Independentes
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Independent auditors' report

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

We have audited the accompanying individual and consolidated financial statements of Cosan S.A. Indústria e Comércio ("the Company"), identified as parent company and consolidated, respectively, which comprise the statement of financial position as at December 31, 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In this risk assessment, we consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on financial statements

In our opinion, the individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Cosan S.A. Indústria e Comércio as at December 31, 2015, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in

Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB.

Other matters

Statements of value added

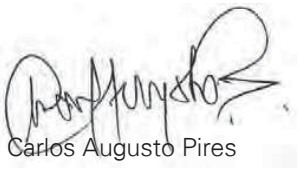
We have also audited the individual and consolidated statements of value added (DVA), for the year ended December 31, 2015, prepared under the responsibility of the Company's management, which presentation in the financial statements is required in accordance with standards issued by the Brazilian Securities Commission - CVM, and as supplemental information by IFRS which do not required the presentation of DVA. These statements were subject to the same audit procedures described above, and based on our audit, are presented fairly, in all material respects, in relation to the financial statements taken as a whole.

Corresponding values

The individual and consolidated statements of financial position as at December 31, 2014, the individual and consolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows and value added and respective notes for the year ended December 31, 2014 were previously audited by another independent auditor who issued an unqualified opinion dated on March 18, 2015.

São Paulo, February 18, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6



Carlos Augusto Pires
Contador CRC 1SP184830/O-7

Cosan S.A. Indústria e Comércio

Statement of financial position December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
Assets	**Note**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Cash and cash equivalents	6	731,049	376,004	3,129,530	1,540,192
Marketable securities		-	-	241,430	149,735
Trade receivables	7	-	-	759,710	822,424
Derivative financial instruments	31	61,215	6,059	100,532	30,069
Inventories	8	-	-	431,117	347,903
Receivables from related parties	11	53,758	29,413	86,600	51,387
Current income taxes		23,779	36,081	95,016	93,780
Other recoverable taxes	9	37,041	91	135,947	78,516
Other trade receivables	10	-	69,683	-	69,683
Dividends receivable		11,116	47,425	11,321	36,130
Assets held for sale	14	-	-	111,638	25,089
Other assets		33,466	131,748	62,982	163,480
Total current assets		**951,424**	**696,504**	**5,165,823**	**3,408,388**
Trade receivables	7	-	-	39,597	34,299
Deferred tax assets	21	-	-	335,808	213,288
Receivables from related parties	11	209,738	210,221	221,344	212,527
Income taxes		-	8,778	-	8,778
Other recoverable taxes	9	-	-	42,578	17,299
Judicial deposits	22	252,513	236,239	413,067	388,714
Other trade receivables	10	-	38,092	-	370,497
Derivative financial instruments	31	1,292,514	429,988	2,192,327	850,297
Other assets		837,284	469,984	1,057,889	644,912
Investments in associates	12	11,355,142	11,040,183	140,136	130,678
Investments in joint ventures	13	2,821,205	2,942,384	8,329,518	8,404,502
Investment properties	14	-	-	2,595,035	2,641,978
Property, plant and equipment	15	26,652	26,664	401,800	351,435
Intangible assets	16	6,267	6,342	9,447,269	9,426,120
Total non-current assets		**16,801,315**	**15,408,875**	**25,216,368**	**23,695,324**
Total assets		**17,752,739**	**16,105,379**	**30,382,191**	**27,103,712**

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statement of financial position December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
Liabilities	**Note**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Loans, borrowings and debentures	17	406,348	266,006	1,230,518	856,334
Derivative financial instruments	31	-	8,843	291	13,803
Trade payables	19	1,151	2,528	1,544,822	971,170
Employee benefits payable		19,451	106,407	101,115	
Income tax payable		21,134	47,720	27,626	
Other payable taxes	20	21,025	200,600	120,241	300,435
Dividends and interest on capital payable		12,437	41,656	20,347	
Payable to related parties	11	427,752	1,669,152	114,559	122,449
Other liabilities		30,618	40,633	138,839	131,930
Total current liabilities		**942,089**	**2,240,784**	**3,345,053**	**2,545,209**
Loans, borrowings and debentures	17	-	-	8,525,185	6,541,268
Preferred shares payable in subsidiaries	23	2,042,878	1,926,888	2,042,878	1,926,888
Derivative financial instruments	31	137,006	64,291	740,427	319,632
Other payable taxes	20	25,230	2,160	25,230	334,565
Provision for judicial demands	22	266,540	253,372	703,347	644,401
Payable to related parties	11	4,710,651	1,888,535	-	-
Post-employment benefits	32	126	139	344,334	301,764
Deferred tax liabilities	21	465,788	804,311	1,415,135	1,542,676
Other liabilities		316,243	106,623	705,926	498,036
Total non-current liabilities		**7,964,462**	**5,046,319**	**14,502,462**	**12,109,230**
Total liabilities		**8,906,551**	**7,287,103**	**17,847,515**	**14,654,439**
Shareholders' equity					
Share capital	24	3,822,725	3,632,231	3,822,725	3,632,231
Treasury shares		(58,694)	(58,694)	(58,694)	(58,694)
Capital reserve		955,326	950,694	955,326	950,694
Other comprehensive loss (income)		(184,691)	175,298	(184,691)	175,298
Retained earnings		4,311,522	4,118,747	4,311,522	4,118,747
Equity attributable to owners of the parent		8,846,188	8,818,276	8,846,188	8,818,276
Non-controlling interests	12	-	-	3,688,488	3,630,997
Total shareholders' equity		**8,846,188**	**8,818,276**	**12,534,676**	**12,449,273**
Total shareholders' equity and liabilities		**17,752,739**	**16,105,379**	**30,382,191**	**27,103,712**

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
	Note	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Net sales	26	-	-	8,451,901	8,146,863
Cost of sales	27	-	-	(5,923,321)	(5,803,359)
Gross profit		**-**	**-**	**2,528,580**	**2,343,504**
Selling expenses	27	-	-	(919,168)	(881,543)
General and administrative expenses	27	(126,229)	(114,916)	(593,076)	(561,462)
Other income (expense), net	29	209,529	(91,531)	240,759	(10,495)
Operating expenses		**83,300**	**(206,447)**	**(1,271,485)**	**(1,453,500)**
Income before financial results, equity in earnings of investes and income taxes		**83,300**	**(206,447)**	**1,257,095**	**890,004**
Equity in earnings of investees					
Equity in earnings of associates	12	1,188,730	630,470	(3,186)	3,540
Equity in earnings of joint ventures	13	(121,179)	186,825	775,566	588,428
		1,067,551	**817,295**	**772,380**	**591,968**
Financial expense		(589,532)	(471,472)	(1,387,864)	(973,853)
Financial income		226,167	140,533	423,699	184,190
Foreign exchange losses, net		(1,618,196)	(391,858)	(623,164)	(318,984)
Derivative		1,240,116	138,362	459,175	162,758
Financial results	29	**(741,445)**	**(584,435)**	**(1,128,154)**	**(945,889)**
Profit before taxes		**409,406**	**26,413**	**901,321**	**536,083**
Income tax (expenses) benefits					
Current	21	(50,110)	(32,282)	(150,227)	(120,912)
Deferred		307,288	228,451	217,169	135,426
		257,178	**196,169**	**66,942**	**14,514**
Profit from continuing operations		**666,584**	**222,582**	**968,263**	**550,597**
Profit from discontinued operation	30	**-**	**69,442**	**-**	**92,695**
Profit for the year		**666,584**	**292,024**	**968,263**	**643,292**

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Actuarial (loss) gain on defined benefit plan		(19,503)	44,323	(28,895)	46,989
Taxes on items that will not be reclassified to profit or loss		-	(15,070)	9,824	(15,976)
		(19,503)	29,253	(19,071)	31,013
Items that are or may be reclassified to profit or loss:					
Foreign currency translation effect		(56,785)	(23,353)	(56,785)	(23,353)
Loss on cash flow hedge in joint ventures and subsidiary		(225,205)	(54,071)	(224,875)	(54,071)
Loss on derivative financial instrument		(91,867)	-	(91,867)	-
Changes in fair value of available for sale securities		2,135	3,209	12,374	9,767
Taxes on items that are or may be reclassified to profit or loss		31,236	(1,091)	26,699	(3,321)
		(340,486)	(75,306)	(334,454)	(70,978)
Total other comprehensive (loss), net of tax		**(359,989)**	**(46,053)**	**(353,525)**	**(39,965)**
Total comprehensive income		**306,595**	**245,971**	**614,738**	**603,327**
Net income attributable to:					
Owners of the company (including discontinued operations)		666,584	292,024	666,584	292,023
Non-controlling interests		-	-	301,679	351,269
		666,584	**292,024**	**968,263**	**643,292**
Total comprehensive income attributable to:					
Owners of the Company		306,595	245,971	306,595	245,970
Non-controlling interests		-	-	308,143	357,357
Basic earnings per share	25	306,595	245,971	614,738	603,327
Continued operations		R$1.64	R$0.55		
Discontinued operations		-	R$0.17		
		R$1.64	R$0.72		
Diluted earnings per share	25				
Continued operations		R$1.57	R$0.55		
Discontinued operations		-	R$0.17		
		R$1.57	**R$0.72**		

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

			Capital reserve		Profit reserve				
	Share capital	Tresuary share	Additional paid in capital	Others equity components	Legal	Statutary reserve	Unrealized earning	Retained rearning	Accu
January 01, 2014	**4,691,822**	**(104,337)**	**856,910**	**221,351**	**237,030**	**2,417,613**	**248,318**	**1,168,151**	
Profit for the year	-	-	-	-	-	-	-	-	
Other comprehensive income:									
Loss on cash flow hedge in in joint ventures	-	-	-	(54,071)	-	-	-	-	
Foreing currency translation effects	-	-	-	(23,353)	-	-	-	-	
Actuarial loss on defined benefit plan	-	-	-	29,253	-	-	-	-	
Change in fair value of available for sale securities	-	-	-	2,118	-	-	-	-	
Total comprehensive income for the year	-	-	-	(46,053)	-	-	-	-	
Contributions and distributions for shareholders									
Share options exercised	-	45,643	-	-	-	-	-	-	
Dividends - non-controlling interests	-	-	(1,390)	-	-	-	-	-	
Dividends	-	-	-	-	-	(63,644)	(30,744)	-	(1
Staturory reserve	-	-	-	-	-	127,422	-	-	(1
Legal reserve	-	-	-	-	14,601	-	-	-	
Share-based compensation	-	-	12,753	-	-	-	-	-	
Total contributions by and distributions to owners of the Parent	-	45,643	11,363	-	14,601	63,778	(30,744)	-	(2
Transactions with owners of the Parent:									
Acquisition of non-controlling interest	-	-	(1,316)	-	-	-	-	-	
Corporate restructuring - Cosan Logística	(1,059,591)	-	83,737	-	-	-	-	-	
Total transactions with owners of the parent	(1,059,591)	-	82,421	-	-	-	-	-	
December 31, 2014	**3,632,231**	**(58,694)**	**950,694**	**175,298**	**251,631**	**2,481,391**	**217,574**	**1,168,151**	

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

			Capital reserve		Profit reserve				
	Share capital	Tresuary share	Additional paid in capital	Others equity components	Legal	Statutary reserve	Unrealized earning	Retained rearning	Accumu ea
January 01, 2015	**3,632,231**	**(58,694)**	**950,694**	**175,298**	**251,631**	**2,481,391**	**217,574**	**1,168,151**	
Profit for the year	-	-	-	-	-	-	-	-	66
Other comprehensive income:									
Loss on cash flow hedge in joint ventures	-	-	-	(225,205)	-	-	-	-	
Foreing currency translation effects	-	-	-	(56,785)	-	-	-	-	
Actuarial loss on defined benefit plan	-	-	-	(19,503)	-	-	-	-	
Loss on derivative financial instruments	-	-	-	(60,631)	-	-	-	-	
Change in fair value of available for sale securities	-	-	-	2,135	-	-	-	-	
Total comprehensive income for the year	-	-	-	(359,989)	-	-	-	-	66
Contributions by and distributions to owners of the shareholders:									
Capital increase	190,494	-	-	-	-	(190,494)	-	-	
Dividends distribution effect to non-controlling	-	-	(6,154)	-	-	-	-	-	
Legal reserve	-	-	-	-	33,329	-	-	-	(33
Dividends	-	-	-	-	-	(34,093)	(46,553)	(44,355)	(158
Statutory reserve	-	-	-	-	-	474,941	-	-	(474
Share based compensation	-	-	11,279	-	-	-	-	-	
Total contributions by and distributions to owners of the shareholders	190,494	-	5,125	-	33,329	250,354	(46,553)	(44,355)	(666
Transactions with shareholders									
Corporate restructuring	-	-	(493)	-	-	-	-	-	
Total transactions with shareholders	-	-	(493)	-	-	-	-	-	
December 31, 2015	**3,822,725**	**(58,694)**	**955,326**	**(184,691)**	**284,960**	**2,731,745**	**171,021**	**1,123,796**	

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statement of cash flows

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
	Note	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Cash flows from operating activities					
Profit before taxes		409,406	26,413	901,321	536,083
Adjustments for:		-	-	-	-
Depreciation and amortization	15 16	4,035	3,399	561,753	581,857
Equity in earnings of associates	12	(1,188,730)	(630,470)	3,186	(3,540)
Equity in earnings of joint ventures	13	121,179	(186,825)	(775,566)	(588,428)
Gain on disposals assets		-	-	4,743	9,543
Option shares granted		11,279	12,753	11,279	12,753
Change in fair value of investment property	14	-	-	(51,073)	(131,697)
Provisions for judicial demands		34,189	35,771	42,555	49,492
Indexation charges, interest and exchange gains/losses, net		758,481	557,267	1,332,587	989,694
Gain on compensation claims		(297,203)	-	(297,203)	-
Other		(20,566)	(30,823)	66,652	33,135
		(167,930)	**(212,515)**	**1,800,234**	**1,488,892**
Changes in:					
Trade receivables		-	-	78,272	(195,083)
Discontinued operation		-	-	-	150,068
Inventories		-	-	(74,479)	(40,603)
Recoverable taxes		(54,363)	4,881	(120,031)	51,736
Related parties		(225,234)	(70,144)	(54,769)	(120,051)
Trade payables		(2,709)	1,017	502,882	215,728
Employee benefits		(13,004)	(9,960)	(54,171)	(57,544)
Provisions for judicial demands		(5,897)	(8,190)	(12,298)	(15,788)
Income tax and other tax		(2,428)	(179,162)	(19,880)	(451,960)
Other assets and liabilities, net		(18,845)	(26,194)	(182,577)	(25,147)
		(322,480)	(287,752)	62,949	(488,644)
Net cash generated by (used in) operating activities		**(490,410)**	**(500,267)**	**1,863,183**	**1,000,248**
Cash flows from investing activities					
Capital contribution in associates		(54,977)	(125,791)	(57,662)	(47,259)
Dividends received from investees		534,934	16,741	4,515	-
Dividends received from joint ventures		149,177	895,690	671,350	895,690
Net cash acquired in business combination		-	-	(66,659)	-
Addtions of property, plant and equipment and intangible assets	15 16	(3,947)	(4,377)	(608,667)	(973,110)
Proceeds from sale of discontinued operation		118,123	68,633	118,362	68,633
Related parties		5,145	-	8,282	-
Proceeds from sale of property, plant and equipment, intangibles and investments		-	-	8,412	1,196
Minority subscription		1,937	2,194	1,937	-
Net cash generated by (used in) investing activities		**750,392**	**853,090**	**79,870**	**(54,850)**
Cash flows from financing activities					
Loans, borrowings and debentures raised		376,880	803,500	1,727,308	1,425,964
Repayments of principal on loans and financing		(376,880)	(498,139)	(1,493,034)	(800,325)
Payments of interest on loans and financing		(5,553)	-	(537,267)	(665,224)
Proceeds to Related parties		(21,160)	(187,482)	(3,807)	(1,643)
Proceeds from settlement of Derivative financial intruments		394,106	(99,352)	550,080	(71,185)
Dividends paid		(272,330)	(297,080)	(650,367)	(814,470)
Proceeds from exercise of share options		-	45,643	-	45,643
Net cash used by financing activities		**95,063**	**(232,910)**	**(407,087)**	**(881,240)**
Increase in cash and cash equivalents		**355,045**	**119,913**	**1,535,966**	**64,158**
Cash and cash equivalents at beginning of year		376,004	256,091	1,540,192	1,474,553
Effect of exchange rate fluctuations on cash held		-	-	53,372	1,481
Cash and cash equivalents at end of year		**731,049**	**376,004**	**3,129,530**	**1,540,192**
Supplemental cash flow information					
Income taxes paid		-	-	96,920	129,539

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statement of value added

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Revenue				
Sale of services	-	-	10,498,886	9,671,899
Other operating revenue	380,082	32,302	458,448	648,922
Allowance for doubtful accounts	-	-	(21,055)	(19,636)
Raw materials acquired from third parties	**380,082**	**32,302**	**10,936,279**	**10,301,185**
Cost of services rendered	-	(90)	(6,885,198)	(6,247,464)
Materials, energy, third party services, others	(260,396)	(183,320)	(695,362)	(1,043,092)
	(260,396)	**(183,410)**	**(7,580,560)**	**(7,290,556)**
Gross value added	**119,686**	**(151,108)**	**3,355,719**	**3,010,629**
Retention	**-**	-	**-**	-
Depreciation and amortization	(4,036)	(3,399)	(561,753)	(581,857)
	(4,036)	**(3,399)**	**(561,753)**	**(581,857)**
Net value added	**115,650**	**(154,507)**	**2,793,966**	**2,428,772**
Value added transferred in				
Equity in earnings of associates	1,188,730	630,470	(3,186)	3,540
Equity in earnings of joint ventures	(121,179)	186,825	775,566	588,428
Financial income	1,466,283	26,916	1,730,396	281,540
	2,533,834	**844,211**	**2,502,776**	**873,508**
Value added to be distributed	**2,649,484**	**689,704**	**5,296,742**	**3,302,280**
Distribution of value added				
Personnel	53,126	57,705	379,388	381,186
Taxes and contributions	(281,633)	(206,056)	1,058,801	1,101,860
Financial expenses	2,207,728	611,352	2,867,574	1,227,429
Leasing	3,679	4,122	22,716	41,208
Non-controlling interests	-	-	301,679	328,016
Dividends	158,314	150,000	158,314	150,000
Net income from continuing operations	508,270	72,581	508,270	72,581
	2,649,484	689,704	5,296,742	3,302,280

The notes are an integral part of these financial statements.

Notes to the financial statements

(Amounts in thousands of Brazilian Reais - R$, unless otherwise stated)

1 Operations

Cosan S.A. Indústria e Comércio ("Company" or "Cosan") is a publicly traded company with its shares traded on the Novo Mercado da Bolsa de Valores de São Paulo ("BM&FBOVESPA") under the ticker symbol CSAN3, and has its headquarters in the city of São Paulo, Brazil. Cosan Limited is the controlling shareholder of Cosan, in which it holds 62.51%.

The primary activities in which Cosan S.A. operates, include the following business segments:

(i) Piped natural gas distribution to part of the State of São Paulo through its subsidiary Companhia de Gás de São Paulo - COMGÁS ("COMGÁS"); which is consolidated since November 2012,

(ii) (ii) Purchase, sale and leasing of agricultural land through its subsidiary, Radar Propriedades Agrícolas S.A. ("Radar");

(iii) (iii) Production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian market using the Comma brand and corporate activities; and (iv) other investments, in addition to the corporate structures of Company ("Cosan's other business").

The Company also holds interests in two jointly controlled entities ("Joint Ventures" or "JVs"):

(i) Raízen Combustíveis S.A. ("Raízen Combustíveis"), fuel distribution business, and

(ii) Raízen Energia S.A. ("Raízen Energia"), production and marketing of sugar, ethanol and energy cogeneration, produced from sugar cane bagasse. Cosan and Royal Dutch Shell ("Shell") share control of the two entities, where each owns 50% of the economic control. Up until the adoption of CPC 19 (R2) / IFRS 11 these investments were accounted for using the proportional consolidation method.

On October 1st, 2014 by the Annual General Shareholders' Meeting approved the partial spin-off of the logistics activities ("Rumo") from Cosan SA and the contribution of the spun off to Cosan Log, a subsidiary of Cosan Ltd. , (see note 30. The split aimed at segregation of the activities of Cosan SA, for each business segment is dedicated to its specialty operations, establishing appropriate capital structures for each of the companies. In addition, providing the market with greater visibility into the performance of each of the Companies, allowing shareholders and investors a better assessment of each line of business in order to allow the allocation of resources according to their interests and investment strategy.

2 Presentation of financial statements and significant accounting policies

2.1 Statement of compliance

The individual financial statements have been prepared and presented in accordance with the accounting policies adopted in Brazil. From 2014 IFRS started to allow the application of the equity method in subsidiaries in separate financial statements, therefore the individual financial statements also comply with International Financial Reporting Standards (International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB))

The consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise the Brazilian's Law of Corporations, the Securities and Exchange Commission (CVM) and the pronouncements of the Accounting Pronouncements Committee (CPC), that comply with international accounting standards (IFRS) issued by the International accounting Standards Board (IASB).

The presentation of the Statement of Value Added (DVA), individual and consolidated, is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to public companies. IFRS does not require presentation of this item. As a result, under IFRS, this statement is presented as supplementary information, subject to the set of financial statements.

These financial statements were authorized for issue by the Board of Directors on February 16, 2016.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Investment property is measured at fair value; and
- Employees' defined benefit obligations are presented at the present value of the actuarial obligation, plus the cost of past service not recognized and net of the fair value of plan assets as explained in Note 32.

2.3 Functional and presentation currency

There financial statements, individual and consolidated, are presented in Brazilian Real, which is the Company´s functional currency. The financial statements of each subsidiary included in the consolidation of the Company and the ones used as the basis for valuation of investments by the equity method are prepared based on the functional currency of each company.

For subsidiaries located abroad, their assets and liabilities were converted to Real at the year-end exchange rate and the results were calculated by the average monthly rate during the year. The effects of conversion are recorded in shareholders equity of these subsidiaries, the main functional currency for the subsidiaries located outside Brazil is U.S. Dollar (US$) or the Pound Sterling (GBP).

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with CPC and IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses at the end of the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- **Notes 15 and 16 - Property, plant and equipment and intangible assets**
The Company annually performs a review of impairment indicators for intangible assets and property, plant and equipment. Also, an impairment test is undertaken for goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The key assumptions used to determine the recoverable amount of the different cash generating units to which goodwill is allocated are explained in Note 16.

  Comgás has an agreement for the public concession of gas distribution service, in accordance to which the Conceding Authority, at the end of the concession, will hold a significant portion of the infrastructure and controls what services must be rendered and what prices will be applied. This concession agreement represents the right to charge from customers for the supply of gas during the effective period of the agreement. Therefore, the Company recognizes this right as an intangible asset.

  The Company may request only once the extension of the distribution services for another 20 years, being subject to evaluation by the Conceding Authority. When the concession is terminated, the assets linked to the rendering of gas distribution services will be returned to the Conceding Authority, and the Company will be entitled to receive an indemnity to be determined based on assessments and evaluations considering the book values to be calculated at the time.

  The amortization of intangible assets reflects the pattern expected for the utilization of the future economic benefits by the Company, which corresponds to the useful lives of the assets comprising the infrastructure consonant to the ARSESP provisions, as disclosed in Note 16.

  The amortization of the intangible assets is discontinued when the related asset is fully used or written-off, and no longer is included in the calculation basis of the tariff for the rendering of the concession services, what occur first.

- **Note 13 - Investment in joint venture**
The Company holds 50% of the voting rights in their joint agreement. The Company has joint control because, pursuant to the contractual agreements, is required unanimous agreement among all parties to the agreement to all relevant activities.

  The jointly Raizen Energia and Raizen Combustíveis are companies whose legal form is a separation between the parts of the joint agreement and the Company itself. Moreover, according to the contractual agreements, gives the Company and the parties to the agreement, rights to the net assets of the company. For this reason, this agreement is classified as a joint venture.

- **Note 21 - Income taxes and social contribution**
  A deferred tax asset is recognized for loss carryforwards to the extent that it is probable that future taxable income will be generated to realize such losses. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and the level of future taxable income together with future tax planning strategies.

- **Other non-current asset**
  The Company is active part in lawsuits filed against the Federal Government, claiming appropriate compensation arising from the differences in sugar and ethanol prices. A compensation action is recognized when it appeared certain that will be an inflow of economic benefits. The compensation claims are recorded in "Other non-current assets" in the amounts of R$ 830,461 and R$ 460,103 as at December 31, 2015 and 2014, respectively (note 22).

  According to recent court decisions during the year it was recognized the amount of R$ 290,180 (net lawyer fees) related to another action described in “Other operating income (expense), net” (Note 29).

  The Company has additional compensation claims, which are not recognized in these consolidated financial statements, for not having achieved the above criteria, representing still contingent assets.

- **Note 14 - Fair value measurement of investment property**
  The Company presents its investment properties at fair value, with changes in fair value recognized in the income statement. The Company engaged independent appraisers to determine the fair value at December 31, 2015. For investment properties, the valuer used a valuation technique based on direct comparative method of market data such as market research, homogenization of values, market price factors in sight, sales, distances, facilities, access to land, topography and soil, land use (culture) level rainfall, etc. in line with the rules issued by ABNT - Associação Brasileira de Normas Técnicas.

- **Note 31 - Fair value of derivatives and other financial instruments**
  When the fair value of financial assets and liabilities can not be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in determining fair values. Judgment is required in the determination of inputs such as liquidity risk, credit risk and volatility. Changes in these variables could affect the reported fair value of financial instruments.

- **Note 32 - Pension and other post-employment benefit plans**
  The cost of defined benefit pension plans and other post-employment and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves the use of various assumptions which may differ from actual results in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by management at each reporting date.

- **Note 33- Shere based payments**
  Cosan S.A. measures employees’ share based compensation cost by reference to the fair value of the shares at the grant date. The estimation of fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the plan. This estimate also requires determining the most appropriate inputs to the

valuation model including the assumption of the expected life of the stock option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

- **Note 18 - Operating lease commitments**
  The Company entered into commercial leases and assessed the terms and conditions of contracts, risks assumed and benefits, and thus accounts for the contracts as operating leases.

- **Note 22 - Provision for judicial demands**
  Provisions for legal claims are recognized when: the Company has a legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

  Provisions for legal proceedings resulting from business combinations are estimated at fair value.

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented these financial statements.

3.1 Basis of consolidation

The consolidated financial statements include the information of the parent company, Cosan, and its subsidiaries. The subsidiaries are listed below:

	December, 31 2015	December, 31 2014
Directly owned subsidiaries		
Águas da Ponte Alta S.A.	65.00%	65.00%
Bioinvestments Negócios e Participações S.A.	65.00%	65.00%
Comma Oil Chemicals	100.00%	100.00%
Companhia de Gás de São Paulo - COMGÁS (ii)	61.33%	60.69%
Cosan Biomassa S.A.	100.00%	100.00%
Cosan Cayman II Limited	100.00%	100.00%
Cosan Global Limited	100.00%	100.00%
Cosan Investimentos e Participações S.A.	100.00%	100.00%
Cosan Lubes Investments Limited	100.00%	100.00%
Cosan Lubrificantes e Especialidades S.A.	100.00%	100.00%
Cosan Luxembourg S.A.	100.00%	100.00%
Cosan Overseas Limited	100.00%	100.00%
Cosan Paraguay S.A.	100.00%	100.00%
Cosan US, Inc.	100.00%	100.00%
Ilha Terminal Distribuição de Produto Químicos (iii)	100.00%	-
Nova Agrícola Ponte Alta S.A. (i)	29.50%	29.50%
Nova Amaralina S.A. Propriedades Agrícolas (i)	29.50%	29.50%
Nova Santa Barbara Agrícola S.A. (i)	29.50%	29.50%
Pasadena Empreendimentos e Participações S.A.	100.00%	100.00%
Proud Participações S.A.	65.00%	65.00%
Radar II Propriedades Agrícolas S.A.	65.00%	65.00%
Radar Propriedades Agrícolas S.A. (i)	29.50%	29.50%
Terras da Ponte Alta S.A. (i)	29.50%	29.50%
Vale da Ponte Alta S.A.	65.00%	65.00%
Zip Lube S.A.	100.00%	100.00%

(i) The Company has control over the Radar, even without controlling interest, for the Shareholders' Agreement Cosan SA has the power to direct all relevant activities of Radar and exercise most power in all relevant decisions on financial and operational matters of the Radar.

(ii) Cosan increased its interest in COMGÁS to 61.33% due to the capital increase arising from the partial use of tax benefit of goodwill according to the COMGÁS "Extraordinary Annual General Meeting" held on April 30, 2015 . The Company did not recognize the new ownership percentage, because it is awaiting the end of the deadline for the minorities to exercise their option to purchase additional shares.

(iii) On December 1st, 2015, Cosan, through its subsidiary Cosan Lubrificantes e Especialidades ("CLE"), acquired 100% of the share capital of Ilha Terminal.

a. Business combinations

Business combinations are recorded using the acquisition method. The transferred consideration for the acquisition is generally measured at fair value, as well as the identifiable net assets acquired and liabilities assumed. Any derivative transaction goodwill is tested annually for loss on impairment (impairment test). Transaction costs are charged to income as incurred, except for costs related to the issuance of debt or equity.

The consideration transferred does not include amounts relating to pre-existing relationships payments. These amounts are generally recognized in the income statement.

b. Non-controlling interests

For each business combination, the Company elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners.

c. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date that the Company ceases to have control.

The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

d. Investments in associates (equity method investees)

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity.

Investments in associates are accounted for under the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity method investees, after adjustments to align the accounting policies with those of the Company.

When the Company's share of losses exceeds its interest in an equity method investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee, when then a provision for the loss of investment is made.

e. Investments in joint ventures

The Company holds 50% of the voting rights in their joint agreement. The Company has joint control because, pursuant to the contractual agreements, is required unanimous agreement among all parties to the agreement to all relevant activities.

The joint ventures Raizen Energia and Raizen fuels are is classified as joint venture in accordance with CPC 39/IRS11 (note 13).

f. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are similarly eliminated, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

a. Foreign currency transations

Foreign currency transactions are translated into the respective functional currencies of each subsidiary using the exchange rates at the dates of the transactions. Assets and liabilities denominated monetary and calculated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date.

b. Foreign operations

The assets and liabilities derived from foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Brazilian Reais using the exchange rates at the reporting date. Income and expenses of foreign operations are translated to Brazilian Reais using the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation (subsidiary, associate or jointly controlled entity) is sold, the amount recorded in cumulative translation adjustment account is transferred to income as part of the result on disposal.

c. Translation of subsidiaries and associates' financial statements

These consolidated financial statements have been converted to Real by using the following criteria:

- assets and liabilities were translated at the exchange rate at the balance sheet date;
- the result, comprehensive income and cash flows were translated at the average monthly exchange rate; and
- shareholders' equity was converted using the historical exchange rate;

Exchange differences arising on translation are recognized in the equity item called "Exchange rate differences from conversion operations abroad."

The financial statements of each subsidiary included in these consolidated financial statements and equity method investments are prepared based on the respective functional currencies. For subsidiaries whose functional currency is a currency other than the Brazilian Real, asset and liability accounts are translated into the Company's reporting currency using exchange rates in effect at the date of the statement of financial position, and income and expense items are translated using monthly average exchange rates and shareholders' equity has been translated using the historical exchange rate.

The exchange rate of the Brazilian Real (R$) to the U.S. Dollar (US$) was R$ 3.9048 = US$ 1.00 at December 31, 2015, R$ 2.6562 = US$ 1.00 at December 31, 2014.

3.3 Financial Instruments

a. Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assest at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held- for trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Financial assets classified as held-for-trading comprise short-term sovereign debt securities actively managed by the Company's treasury department to address short- term liquidity needs.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

(ii) Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Company has the intention and ability to hold them to maturity. Interest, indexation charges/credits, foreign exchange gain/loss, less impairment losses, if any, are recognized in profits or loss when incurred as financial income/expense.

Held-to-maturity financial assets comprise debentures. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

(iv) Cash and cash equivalents

Cash and cash equivalents and highly liquid short-term investments comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(v) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, the financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency gains/losses on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(vi) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

The rights to receive the asset expire cash flows;

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the cash flows received without significant delay to a third party under an agreement of "transfer"; and (a) the Company has transferred substantially all risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In this case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured based on the rights and obligations that the Company maintained.

b. Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company write off a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities as other financial liabilities. Such financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities include loans and financing, debt securities issued (including certain preferred shares), bank overdraft limit, and trade and other payables.

A financial liability is derecognized when the obligation is discharged, canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in corresponding carrying amounts is recognized in the income statement.

c. Capital

Ordinary share

Additional costs directly attributable to issue of shares and share options are recognized as a reduction of shareholders' equity. Tax effects related to the costs of these transactions are accounted for in accordance with IAS 12.

Preferred shares

Preferred shares not redeemable are classified as equity, as the payment of dividends is discretionary, and they do not generate any obligation to deliver cash or another financial asset of the Company and do not require settlement in a variable number of equity instruments. Discretionary dividends are recognized as distributions to equity on the date of its approval by the shareholders.

Mandatory minimum dividends as defined in the bylaws are recognized as liabilities.

d. Financial Instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if:

(a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are initially recognized at fair value; any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

(i) Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(ii) Fair value hedge

Changes in fair value of derivatives, that are designated and qualify as fair value hedge, are recorded in statement of profit or loss, with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The Company applies hedge accounting for fair value hedges to protect itself against the risk of changes in interest rates and foreign exchange rates on loans. The gain or loss related to the effective portion of interest rate swaps to protect against fixed rate borrowings is recognized in the statement of profit or loss as "Financial expenses". The gain or loss related to the ineffective portion is recognized in the statement of profit or loss as "Other gains (losses), net". Changes in fair value of fixed rate borrowings hedged attributable to interest rate risk are recognized in the statement of profit or loss as "Financial expenses".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the method of effective interest rate is used, is amortized to income over the period to maturity.

(iii) Embedded derivatives

Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

(iv) Other derivative financial instruments

When a derivative financial instrument is not designated in a hedge relationship and does not qualify for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

3.4 Inventory

Inventory is recorded at the lower of average cost of acquisition or production and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions for slow-moving or obsolete inventory are recorded when deemed necessary by management. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity), excluding borrowing costs.

3.5 Non-current assets held for sale

Non-current assets or groups of assets classified as held for sale, for which there is an expectation primarily be realized through sale rather than continuing use, they are classified as assets held for sale. Immediately before being classified as assets held for sale, the assets, or components of a group of assets classified as held for sale, are recognized as the related accounting policies. Since then, the asset or group of assets classified as held for sale are generally measured at the lower of the carrying amount and the fair value plus selling expenses. Any loss on the value of a group of assets classified as held for sale is initially allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis except that no loss shall be allocated to inventories, financial assets, assets deferred tax, benefits of active employee and investment property, which continue to be measured in accordance with the accounting policies set by the Company. Losses for impairment determined on initial classification as held for sale and subsequently calculated gains and losses are recognized in income. Gains are not recognized when they exceed any cumulative loss due to impairment previously recognized.

3.6 Investment property

Agricultural land is stated at fair value, with changes in fair value recognized in profit or loss.

Sale of farms are not recognized in profit or loss until (i) the sale is concluded, (ii) the Company determines that sales receipt is probable; (iii) the revenue can be reliably measured, and (iv) the Company has transferred the ownership risks to the buyer, without any continuing involvement. The gain from sale of farms is reported in the statement of profit or loss in “Other, net” for the difference between the consideration received and the carrying amount of the farm sold.

3.7 Property, plant and equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of constructed assets includes:

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- An estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalized borrowing costs;

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When componets of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment, calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognized in profit or loss.

(i) Reclassification to investment property

When the use of a property changes from held to use to investment property, the property is remeasured at fair value and reclassified as investment property. Any gain or loss arising on this remeasurement is recognized in equity.

(ii) Subsequents costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated on the carrying value of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless it is capitalized as part of the cost of another asset. Assets recognized under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation is calculated using the straight-line method on the useful lives of the assets, in accordance with the annual depreciation rates shown below:

Buildings and Improvements	4%
Machinery, Equipment and Facilities	3% to 10%
Airplanes, Vessels and Vehicles	10% to 20%
Furniture and Fixtures	10%
Computer Equipment	20%

Costs of normal periodic maintenance are recorded as expenses when incurred since the components will not improve the production capacity or introduce improvements to the equipment.

Depreciation methods, useful lives and residual values are revised at each reporting date and adjusted if appropriate.

3.8 Intangible assets and goodwill

a. Goodwill

Goodwill is measured at cost less accumulated impairment losses. With respect to equity method investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity method investee as a whole.

b. Other intangible assets

Other intangible assets that are acquired by the Company and have a finite life are measured at cost less accumulated amortization and any accumulated impairment losses.

c. Subsequent expenditure

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

d. Amortization

Except for goodwill, intangible assets are amortized on a straight-line basis over their estimated useful lives, from the date that they are available for use or acquired.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e. Contracts with customers

Costs incurred on the development of gas system for new clients (including pipelines, valves, and general equipment) are recognized as intangible assets and amortized over the contract period.

f. Intangible assets related to the gas concession agreement

COMGÁS, entered into a public concession agreement for the distribution of gas granted by the Conceding Authority, At the end of the concession, the Conceding Authority will hold a significant portion of the infrastructure. It also controls what services must be rendered and

regulates the prices charged. The concession agreement grants COMGÁS the right to charge customers for the supply of gas during the term of the concession agreement. COMGÁS recognizes this right as an intangible asset.

The intangible asset comprises: (i) the concession right recognized upon the business combination of COMGÁS, which is being amortized over the concession period on a straight line basis; and (ii) the acquired or constructed assets underlying the concession, necessary for the distribution of gas, which is being depreciated to match the period over which the future economic benefits of the asset are expected to accrue to the Company, or the final term of the concession, whatever occurs first. This period reflects economic useful lives of each of the underlying assets that comprise the concession. This economic useful life is also used by the regulator to determine the basis for measuring the tariff for rendering the services under the concession.

The concession agreement was signed on May 31, 1999 with an initial term of 30 years. Subject to review by the Conceding Authority, COMGÁS has the option to apply for a 20-year extension of distribution services. Contractual conditions necessary for the extension are under control of COMGÁS, as long as it is in compliance with all regulatory commitments. When the concession is terminated, the assets related to the rendering of gas distribution services will be returned to the Conceding Authority, and the Company will be entitled to receive an indemnification to be determined based on assessments and evaluations performed at that time, which may consider the book value of the concession assets.

In addition, the concession contract determines that the tariff charged by COMGÁS be reviewed annually, in May, with the aim to realign the tariff charged to consumers to the cost of the gas and adjust the margin of distribution for inflation.

3.9 Impairment

a. Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

(i) Financial assets measured at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

(ii) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the accumulated losses recorded in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss.

b. Non-financial assets

The carrying amounts of the Company's non-financial assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to Companies of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized with respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss with respect to goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

As of December 31, 2015, 2014, the Company´s liabilities included of R$ 137,682 and R$ 186,649, respectively, in relation to a contingent consideration arrangement arising from the 2008 Esso business combination. This contingent consideration is measured at fair value with changes in fair value recognized in profit or loss. On December 31, 2015 the Company paid R$ 66,241 related to this contingent (R$ 60,200 paid in the twelve-month period ended December 31, 2014.)

The consideration is contingent on meeting certain targets for gross revenues and sales quantities of some former ExxonMobil products for a 10 year period from the date of acquisition in 2008.

3.11 Employee benefits

a. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay these amounts as a result of past services provided by the employee, and the obligation can be estimated reliably.

b. Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee compensation expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees with respect to share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to the cash payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit expenses in profit or loss.

c. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

d. Defined benefit plans

The Company sponsors a private pension company that aims to keep benefits of supplementation plan for part of its employees. The cost of providing benefits under the defined benefit plan is determined annually by independent actuaries using the method of projected unit credit.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability recognized in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the method of projected unit credit. The present value of the defined benefit obligation is determined by discounting the future outputs estimated box, using interest rates consistent with market yields, which are denominated in the currency in which the benefits will be paid and that have upcoming maturities those of the respective obligation of the pension plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded directly in equity as other comprehensive income when they occur.

Past service costs are recognized immediately in income.

e. Other long-term employee benefit

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date of the financial statements for the high credit quality bonds, and maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

3.12 Revenue

a. Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

b. Sales of services

Revenues from services are recognized when the entity transfers to the buyer the significant risks and rewards inherent to the services, when they are probable that the economic benefits associated with the transaction will flow to the Company, as well as its value and related costs, can be measured reliably. Service prices are established based on service orders or contracts. Services for which payment is made in advance are recorded as deferred revenue in other liabilities and recognized in revenue when the services are rendered.

The Company recognizes revenue as follows:

(i) Billed revenue

Revenue from gas distribution services is recognized when its amount can be reliably measured, and is recognized in profit or loss when the volumes are delivered to customers.

(ii) Unbilled revenue

Unbilled revenue refers to part of the supplied gas, for which the measurement and billing customers have not yet occurred. This value is calculated based on estimated for the period after the meter reading until the last day of the month.

The actual amount charged may differ from the estimate. The Company believes that, based on previous experience with similar operations, unbilled amount does not differ significantly from actual values.

(iii) Concession construction revenue

The construction of the infrastructure necessary for gas distribution is considered a construction service rendered to the Grantor, and the related income is recognized in profit or loss at fair value.

Construction costs are recognized by reference to the stage of completion of construction activity at the end of the reference period and are included in the sales line cost in our consolidated income statement.

3.13 Government grants and assistance

Government grants and assistance are recognized when there is reasonable assurance that the grant will be received and that all relevant conditions are met. The Company has a fiscal incentive whose benefit refers to an expense item, it is recognized as revenue during the benefit period, systematically over costs whose objective benefit offset.

The tax benefit includes a reduction of 75% on income tax and surcharges not refundable calculated on operating profit started in 2008 and end of the period in 2024.

3.14 Lease

The characterization of a contract as a lease is based on substantive aspects related to the use of an asset or specific assets, or even the right to use a particular asset on the date of the start of its implementation.

a. Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leased assets are depreciated over their useful life. However, when there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over its estimated useful life or the lease term, whichever is shorter.

Assets leased under operating leases and are not recognized in the Company's statement of financial position.

b. Leased payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amounts paid in advance by the Company are recorded as assets and allocated in income linearly during the term of the contract. The expenses incurred during the grace period are recorded in income and maintained as payables, being written off in proportion to the payment of current installments.

3.15 Finance income and finance expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income (except for dividends received from investees evaluated by equity in subsidiaries), gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognized in profit or loss and reclassifications of net gains previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established. The distributions received from investees recorded by the equity method reduce the investment value.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets (other than trade receivables), losses on hedging instruments that are recognized in profit or loss and reclassifications of net losses previously recognized in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether the net foreign currency fluctuations result in a gain or loss position.

3.16 Tax

Income tax includes the income tax and social contribution at rate of 34%. With tax expenses include current and deferred taxes. Current tax and deferred tax are recognized in income, except to the extent that this is a business combination, or items recognized directly in equity or in other income

Also, for some subsidiaries, income tax is calculated based on the application of the 32% profit presumption percentage of revenues operational earned focusing rate of 15%, plus a surcharge of 10% on taxable income exceeding R$ 240 for income tax and 9% on taxable income earned for social contribution.

a. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

b. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and tax loss. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for loss carryforwards, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be generated in the future. Deferred tax assets are reviewed at each reporting date and written off to the extent that it is no longer probable that the related tax benefit will be realized.

c. Indirect tax

Net revenue is recognized net of discounts and sales taxes.

d. Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Statements of added value

The Company prepared statements of value added (DVA) in accordance with CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to public companies, while for IFRS they represent additional financial information.

3.18 Cash Flow - transactions involving non-cash

During the year ended December 31, 2015, the Company made the following transactions not involving cash and therefore are not reflected in the statement of consolidated cash flows:

(i) Compensation REFIS with financial assets of ExxonMobil in the amount of R$ 350 301 (note 11); and

(ii) Compensation REFIS with credit compensation claims

4 New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

- IFRS 9 - Financial Instruments, published in July 2014, replacing the existing guidance in IAS 39 - Financial Instruments: Recognition and Measurement.

  IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of the impairment of financial assets, and new requirements for hedge accounting. The standard retains the existing guidance on the recognition and derecognition of financial instruments in IAS 39. The Company is assessing the full impact of IFRS 9. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Council.

  IFRS 9 is effective for the fiscal year starting on January 1, 2018, with earlier application permitted.

- IFRS 15 - Customer Contract Revenue requires the recognition of revenue reflecting the expected consideration receivable in exchange for control of these goods and services. It shall enter into force on 1 January 2018 and supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue and related interpretations. Management is evaluating the impact of adoption.

- IFRS 16 - Leases requires an entity to recognize all leases in which the Company leases should be recognized in the balance sheet. The new standard is effective from or after January 1, 2019 and replaces IAS 17 - Leases.

  There are no other IFRS or IFRIC interpretations that are not effective and that is expected to have a significant impact on the Company.

5 Segment Information

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

Operating segments

I Raízen Energia: production and marketing of a variety of products derived from sugar cane, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment holds interests in companies engaged in research and development on new technology;

II Raízen Combustíveis: distribution and marketing of fuels, mainly through a network of service stations under the brand "Shell" throughout Brazil;

III COMGÁS: distribution of piped natural gas to part of the State of São Paulo (approximately 180 municipalities, including the region called Greater São Paulo) to customers in the industrial, residential, commercial, automotive, thermogeneration and cogeneration sectors;

IV Radar: management, buying, selling and leasing of agricultural;

V Lubricants: production and distribution of lubricants under the Mobil brand in Brazil, Bolivia, Uruguay and Paraguay, as well as European and Asian market with a Comma

VI Other business: other investments, in addition to the corporate activities of the Company. The other business segment's includes the subsidiaries responsible for raising funds for the group.

The segments Raizen Energia and Raizen Combustíveis are investments accounted for under the equity method and not consolidated in our financial statements, as Pronouncement CPC19 Technical (R2) - Business arrangements / IFRS11 - Joint arrangements. However, the Company's management analyzes the information by segment 100% of the results of these segments. Here is the reconciliation of these segments to the Company's financial information in the "deconsolidation jointly controlled entities".

Below are presented the results of the information and assets by segment, which were measured in accordance with the same accounting policies used in preparing the consolidated information:

	December 31, 2015						
Statement of profit or loss:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other bussiness**	**Desconsolidaç controladas conjun**
Net sales	11,080,850	61,412,966	6,597,016	102,715	1,751,730	440	(72,493,8
Domestic market	4,438,149	61,412,966	6,597,016	102,715	1,385,190	440	(65,851,1
External market	6,642,701	-	-	-	366,540	-	(6,642,7
Cost of sales	(8,904,463)	(58,196,255)	(4,580,203)	(17,982)	(1,322,328)	(2,808)	67,100,7
Gross profit	2,176,387	3,216,711	2,016,813	84,733	429,402	(2,368)	(5,393,0
Selling expenses	(616,915)	(1,188,549)	(627,520)	-	(291,648)	-	1,805,4
General and administrative expenses	(518,848)	(394,570)	(332,763)	(27,972)	(77,666)	(154,675)	913,4
Other income (expense), net	(19,147)	294,784	(7,900)	48,744	2,195	197,719	(275,6
Financial results	(624,695)	(124,598)	(181,889)	10,496	(109,860)	(846,900)	749,2
Financial expense	(919,994)	(170,560)	(409,768)	(1,365)	(120,325)	(874,739)	1,090,5
Financial income	650,446	173,477	247,047	11,861	4,870	178,255	(823,9
Foreign exchange losses, net	(1,031,777)	(415,983)	126,282	-	(10,213)	(739,233)	1,447,7
Derivative	676,630	288,468	(145,450)	-	15,808	588,817	(965,0
Equity in earnings of associates	(42,967)	8,893	-	-	(11,596)	379,504	34,0
Equity in earnings of joint ventures	-	-	-	-	-	775,565	
Income tax expense benefit	(42,510)	(536,540)	(248,354)	(15,134)	12,693	317,739	579,0
Profit (loss) for the year	**311,305**	**1,276,131**	**618,387**	**100,867**	**(46,480)**	**666,584**	**(1,587,4**
Net income attributable to:							
Owners of the Parent	311,305	1,237,984	618,387	100,867	(46,480)	666,584	(1,549,2
Non-controlling interests	-	38,147	-	-	-	-	(38,1
	311,305	**1,276,131**	**618,387**	**100,867**	**(46,480)**	**666,584**	**(1,587,4**
Other selected data:							
Depreciation and amortization	2,057,365	579,603	481,287	712	75,077	4,677	(2,636,9
EBITDA	3,035,875	2,516,872	1,529,917	106,217	125,764	1,200,422	(5,552,7
Additions to PP&E, intangible (cash)	1,776,372	797,299	521,215	1,926	43,464	42,062	(1,973,6
Reconciliation of EBITDA:							
Profit (loss) for the year	311,305	1,276,131	618,387	100,867	(46,480)	666,584	(1,587,4
Income tax and social contribution	42,510	536,540	248,354	15,134	(12,693)	(317,739)	(579,0
Financial result, net	624,695	124,598	181,889	(10,496)	109,860	846,900	(749,2
Depreciation and amortization	2,057,365	579,603	481,287	712	75,077	4,677	(2,636,9
EBITDA	**3,035,875**	**2,516,872**	**1,529,917**	**106,217**	**125,764**	**1,200,422**	**(5,552,7**

	December 31, 2014							
Statement of profit or loss:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other Bussiness**	**Deconsolidated effects IFRS 11**	**Segme eliminati**
Net sales	9,263,930	55,733,927	6,387,103	157,562	1,602,198	-	(64,997,857)	
Domestic market	4,064,437	55,733,927	6,387,103	157,562	1,306,218	-	(59,798,364)	
External market	5,199,493	-	-	-	295,980	-	(5,199,493)	
Cost of sales	(7,735,421)	(52,934,222)	(4,494,909)	(60,644)	(1,247,806)	-	60,669,643	
Gross profit	1,528,509	2,799,705	1,892,194	96,918	354,392	-	(4,328,214)	
Selling expenses	(578,989)	(1,150,516)	(636,316)	-	(245,227)	-	1,729,505	
General and administrative expenses	(498,756)	(387,259)	(308,413)	(36,525)	(70,684)	(145,840)	886,015	
Other income (expense), net	58,609	338,143	(19,494)	131,593	1,032	(123,626)	(396,752)	
Financial results	(418,317)	(125,210)	(193,026)	6,269	21,555	(780,687)	543,527	
Financial expense	(588,307)	(142,839)	(300,573)	(1,104)	22,831	(707,718)	731,146	12,7
Financial income	385,895	104,218	106,554	7,428	1,639	81,280	(490,113)	(12,7
Foreign exchange losses, net	(357,928)	(71,825)	(139,931)	(55)	(1,183)	(177,815)	429,753	
Derivatives	142,023	(14,764)	140,924	-	(1,732)	23,566	(127,259)	
Equity in earnings of associates	(38,310)	14,902	-	-	(7,341)	429,506	23,408	(418,6
Equity in earnings of joint ventures	-	-	-	-	-	588,428	-	
Income tax expense benefit	103,810	(410,560)	(203,810)	(17,629)	(18,850)	254,803	306,750	
Profit (loss) for the year	**156,556**	**1,079,205**	**531,135**	**180,626**	**34,877**	**222,584**	**(1,235,761)**	**(418,6**
Net income attributable to:								
Owners of the Parent	156,556	1,112,863	531,135	180,626	34,877	222,584	(1,269,419)	(741,1
Non-controlling interests	-	(33,658)	-	-	-	-	33,658	322,4
	156,556	**1,079,205**	**531,135**	**180,626**	**34,877**	**222,584**	**(1,235,761)**	**(418,6**
Other selected data:								
Depreciation and amortization	1,966,866	538,222	506,697	970	71,268	2,923	(2,505,088)	
EBITDA	2,437,929	2,153,197	1,434,668	192,956	103,441	751,390	(4,591,126)	(418,6
Additions to PP&E, intangible (cash)	2,490,176	794,556	661,311	1,146	52,178	75,194	(3,284,732)	
Reconciliation of EBITDA:								
Profit (loss) for the year	156,556	1,079,205	531,135	180,626	34,878	222,583	(1,235,761)	(418,6
Income tax and social contribution	(103,810)	410,560	203,810	17,629	18,850	(254,803)	(306,750)	
Financial result, net	418,317	125,210	193,026	(6,269)	(21,555)	780,687	(543,527)	
Depreciation and amortization	1,966,866	538,222	506,697	970	71,268	2,923	(2,505,088)	
EBITDA	**2,437,929**	**2,153,197**	**1,434,668**	**192,956**	**103,441**	**751,390**	**(4,591,126)**	**(418,6**

	December 31, 2015						
Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other Bussiness**	**Deconsolidat effects IFRS**
Cash and cash equivalents	2,995,495	885,880	1,967,643	1,016	96,907	1,063,964	(3,881,3
Investment securities	-	-	-	241,430	-	-	
Trade receivables	719,092	1,773,771	519,086	25,557	214,820	247	(2,492,8
Derivative financial instruments	1,465,816	255,665	665,032	-	12,363	1,615,464	(1,721,4
Inventories	2,371,987	1,287,946	134,347	-	293,916	2,854	(3,659,9
Other current assets	1,579,568	1,029,510	132,959	120,615	51,926	209,527	(2,609,0
Other non-current assets	3,425,968	1,206,721	300,138	13,004	(130,256)	1,937,112	(4,632,6
Investment in associates	225,670	248,456	-	-	8,453	5,660,434	(474,1
Investment in joint ventures	-	-	-	-	-	8,329,518	
Biological assets	2,131,378	-	-	-	-	-	(2,131,3
Investment property	-	-	-	2,595,035	-	-	
Property, plant and equipment	9,574,647	2,409,555	-	2,029	243,080	156,691	(11,984,2
Intangible assets and goodwill	3,261,623	4,414,352	8,620,436	1,669	818,362	6,802	(7,675,9
Loans, borrowings and debenture	(11,549,211)	(3,226,849)	(3,823,066)	-	(512,759)	(5,419,878)	14,776,0
Derivative financial instruments	(676,321)	(67,902)	-	-	(291)	(740,427)	744,2
Trade payables	(1,126,540)	(937,177)	(1,302,397)	(2,511)	(235,663)	(4,251)	2,063,7
Employee benefits payable	(315,704)	(83,214)	(65,522)	(5,684)	(15,061)	(20,141)	398,9
Other current liabilities	(920,298)	(968,904)	(103,334)	(35,465)	(135,946)	(209,512)	1,889,2
Other non-current liabilities	(1,364,086)	(3,129,160)	(1,180,987)	(104,403)	(209,244)	(3,742,216)	4,493,2
Total assets (net of liabilities) allocated by segment	11,799,084	5,098,650	5,864,335	2,852,292	500,607	8,846,188	(16,897,7
Total assets	**27,751,244**	**13,511,856**	**12,339,641**	**3,000,355**	**1,609,571**	**18,982,613**	**(41,263,1**
Equity attributable to owners of the parent	11,800,047	4,926,655	5,864,335	2,852,292	500,607	8,846,188	(16,726,7
Non-controlling interests	(963)	171,995	-	-	-	-	(171,0
Total shareholders' equity	**11,799,084**	**5,098,650**	**5,864,335**	**2,852,292**	**500,607**	**8,846,188**	**(16,897,7**

	December 31, 2014						
Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other Bussiness**	**Deconsolidated effects IFRS 11**
Cash and cash equivalents	2,643,950	173,470	973,708	6,011	39,810	520,663	(2,817,420)
Investment securities	-	-	-	149,735	-	-	-
Trade receivables	726,872	1,869,966	605,483	22,214	194,486	241	(2,596,838)
Derivative financial instruments	542,102	28,378	335,058	-	(721)	546,028	(570,480)
Inventories	2,315,907	1,128,771	125,406	-	222,486	11	(3,444,678)
Other current assets	2,121,549	288,506	137,360	31,052	26,416	342,987	(2,410,055)
Other non-current assets	1,864,795	2,278,913	256,077	15,538	(184,670)	1,809,980	(4,143,708)
Investment in associates	209,205	256,729	-	-	16,032	5,783,699	(465,934)
Investment in joint ventures	-	-	-	-	-	8,404,502	-
Biological assets	1,828,304	-	-	-	-	-	(1,828,304)
Investment property	-	-	-	2,641,978	-	-	-
Property, plant and equipment	9,848,969	2,464,316	-	11,288	221,466	118,681	(12,313,285)
Intangible assets and goodwill	3,288,709	4,267,514	8,595,251	173	824,277	6,419	(7,556,223)
Loans, borrowings and debenture	(10,377,585)	(1,557,782)	(3,133,347)	-	(261,166)	(4,003,089)	11,935,367
Derivative financial instruments	(359,408)	(188,556)	(4,960)	-	-	(328,474)	547,964
Trade payables	(652,626)	(577,143)	(848,770)	(790)	(118,784)	(2,826)	1,229,769
Employee benefits payable	(252,219)	(66,799)	(58,955)	(5,336)	(15,437)	(21,387)	319,018
Other current liabilities	(760,201)	(1,849,234)	(118,021)	(20,783)	(100,853)	(389,492)	2,609,435
Other non-current liabilities	(2,566,561)	(1,921,270)	(992,028)	(93,552)	(193,082)	(3,969,668)	4,487,831
Total assets (net of liabilities) allocated by segment	10,421,762	6,595,779	5,872,262	2,757,528	670,260	8,818,275	(17,017,541)
Total assets	**25,390,362**	**12,756,563**	**11,028,343**	**2,877,989**	**1,359,582**	**17,533,211**	**(38,146,925)**
Equity attributable to owners of the parent	10,421,762	6,453,922	5,872,262	2,757,528	670,260	8,818,275	(16,875,684)
Non-controlling interests	-	141,857	-	-	-	-	(141,857)
Total shareholders' equity	**10,421,762**	**6,595,779**	**5,872,262**	**2,757,528**	**670,260**	**8,818,275**	**(17,017,541)**

Net Sales by segment:	December 31, 2015	December 31, 2014
Raízen Energia		
Sugar	4,671,006	4,059,580
Ethanol	5,557,298	4,376,826
Cogeneration	554,876	618,583
Other	297,670	208,941
	11,080,850	**9,263,930**
Raízen Combustíveis		
Fuels	61,412,966	55,733,927
COMGÁS	**61,412,966**	**55,733,927**
Industrial	4,206,947	4,122,077
Residential	677,692	632,997
Thermo generation	511,942	407,736
Cogeneration	271,641	246,841
Automotive	197,260	199,820
Comercial	286,491	255,051
Construction revenue	408,086	481,314
Other	36,957	41,267
Radar	**6,597,016**	**6,387,103**
Property sales	20,187	85,308
Land lease	69,162	60,944
Other	13,366	11,310
Lubrificantes	**102,715**	**157,562**
Lubricants	1,514,005	1,325,472
Basic oil	222,009	225,701
Other	15,716	51,025
	1,751,730	**1,602,198**
Other businesses	**440**	**-**
IFRS 11 - Deconsolidated of adjustments/eliminations joint ventures and eliminations	(72,493,816)	(64,997,857)
Total	**8,451,901**	**8,146,863**

Concentration of custumers

COMGÁS

In 2015, sales in this segment are sprayed with no customers or specific economic groups representing 10% or more of sales in this segment in the period.

Radar

In 2015, 20% of revenues in this segment were for the customer Raizen Energia (15% for the year ended December 31, 2014).

Lubricants

Sales in this segment are sprayed with no customers or specific economic groups representing 10% or more of sales in this segment for the years ended December 31, 2015 and 2014.

6 Cash and cash equivalents

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Cash and bank accounts	3	265	164,091	121,342
Financial investments	731,046	375,739	2,965,439	1,418,850
	731,049	**376,004**	**3,129,530**	**1,540,192**

Financial investments are as follows:

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Exclusive funds				
Commitment transactions	97,485	311,315	1,248,983	360,237
Bank certificate of deposits - CDB	567,078	64,424	765,900	74,547
Financial letter	65,552	-	198,747	-
	730,115	**375,739**	**2,213,630**	**434,784**
Bank investments				
Bank certificate of deposits - CDB	-	-	407,710	717,472
Commitment transactions	-	-	343,083	222,570
Other financial investments	931	-	1,016	44,024
	931	**-**	**751,809**	**984,066**
	731,046	**375,739**	**2,965,439**	**1,418,850**

7 Trade receivables

	Consolidated	
	December 31, 2015	**December 31, 2014**
Domestic market	829,912	862,221
External market	16,112	20,615
Allowance for doubtful accounts	(46,717)	(26,113)
	799,307	**856,723**
Current	**759,710**	**822,424**
Non-current	**39,597**	**34,299**

The analysis of the maturity of trade accounts receivable are as follows:

	Consolidated	
	December 31, 2015	**December 31, 2014**
Not overdue Overdue:	736,819	775,933
From 1 to 30 days	45,365	70,682
From 31 to 60 days	7,004	4,308
From 61 to 90 days	3,025	2,166
Over than 90 days	53,811	29,747
Allowance for doubtful accounts	(46,717)	(26,113)
	799,307	**856,723**

Changes in the estimated allowance for doubtful accounts is as follows:

	Consolidated
January 1st, 2014	**(28,628)**
Provision	(22,398)
Reversal	1,370
Partial Spin-off	23,543
December 31, 2014	**(26,113)**
Provision	(21,055)
Reversal	**451**
December 31, 2015	**(46,717)**

8 Inventories

	Consolidated	
	December 31, 2015	**December 31, 2014**
Finished goods	289,708	223,706
Product in process	86,981	86,895
Warehouse and other	54,428	37,302
	431,117	**347,903**

Changes in the provision for non-realization and obsolescence is as follows:

January 1st, 2014	**(332)**
Provision	(3,633)
Partial Spin-off	(6,236)
Reversal	5,666
December 31, 2014	**(4,535)**
Provision	(6,758)
Reversal	8,158
December 31, 2015	**(3,135)**

9 Other recoverable taxes

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
ICMS - State VAT	-	-	121,754	91,120
Credit Installment - PAES	33,245	-	33,245	-
COFINS - Revenue tax	11,301	9,489	17,860	12,604
PIS - Revenue tax	4	7,710	1,428	8,387
Impairment provision	(7,587)	(17,147)	(7,587)	(17,147)
Other	78	39	11,825	851
	37,041	**91**	**178,525**	**95,815**
Current	**37,041**	**91**	**135,947**	**78,516**
Non Current	**-**	**-**	**42,578**	**17,299**

10 Other trade receivables

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Exxon Mobil financial assets (i)	-	-	-	332,405
Receivable from sale discontinued operations (ii)	-	107,775	-	107,775
	-	107,775	**-**	**440,180**
Current	-	69,683	-	69,683
Non current	-	38,092	-	370,497

(i) The subsidiary Lubrificantes e Especialidades S.A ("CLE") has a balance receivable related to renegociation of tax debts included in the special program of federal tax installment program ("REFIS IV") of responsibility ExxonMobil Brazil Holdings BV ("ExxonMobil ").

On September 1st, 2015, CLE has been communicated by the Brazilian Federal Revenue on the exclusion of tax installments due to the deposits made previously. Thus, the accounts receivable was offset against your balance in the same amount of taxes payable, related to renegociation of tax debts included in the special program of federal tax installment program

(ii) Balance receivable outstanding from the sale of Cosan Alimentos. The amount was received in November 2015.

11 Related parties

a. Receivables and payables with related parties:

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Current Asset				
Corporate operation / Agreements				
Raízen Energia S.A. (i)	17,101	13,226	21,313	16,669
Rumo	8,794	3,342	9,181	3,705
Cosan Lubrificantes e Especialidades	8,436	3,146	-	-
Aguassanta Participações S.A.	6,371	6,340	6,371	6,340
Radar Propriedades Agricolas S.A.	1,035	835	-	-
Cosan Limited	982	668	982	668
Raízen Combustíveis S.A.(i)	269	153	709	2,433
Cosan Logística	18	-	3,534	-
Other	1,080	930	4,251	500
	44,086	**28,640**	**46,341**	**30,315**
Financial operations				
Raízen Energia S.A. (i)	9,672	-	9,672	-
Cosan Lubrificantes e Especialidades Raízen	-	773		
Combustíveis S.A.(i)	-	-	- 1,102	- 1,319
Cosan Limited (iii)	-	-	29,485	19,753
	9,672	**773**	**40,259**	**21,072**
	53,758	**29,413**	**86,600**	**51,387**
Non-current assets				
Preferred shares				
Janus Brasil Participações S.A	20,875	-	20,875	-
Raízen Energia S.A. (i)	89,763	104,984	89,763	104,984
Raízen Combustíveis S.A.(i)	-	15,126	-	15,126
	110,638	**120,110**	**110,638**	**120,110**
Financial operations				
Rezende Barbosa (ii)	70,365	84,996	70,365	84,999
Raízen Energia S.A. (i)	23,029	-	23,029	-
	93,394	**84,996**	**93,394**	**84,999**
Corporate restructuring	5,706	5,115	17,312	7,418
	209,738	**210,221**	**221,344**	**212,527**

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Current liabilieites				
Corporate oprations / Agreements				
Cosan Biomassa S.A.	217,376	142,786	-	-
Raízen Energia S.A. (i)	97,253	96,258	100,505	104,276
Raízen Combustíveis S.A. (i)	8,927	11,932	9,447	12,640
Rumo	1,480	1,486	1,512	1,572
Radar	-	2,245	-	-
Other	618	773	-	119
	325,654	**255,480**	**111,464**	**118,607**
Financial opreations				
Cosan Luxembourg S.A.	76,416	61,812	-	-
Cosan Overseas Limited	25,682	1,351,838	-	-
Raízen Energia S.A. (i)	-	-	3,095	-
Shell Brazil Holding B.V.	-	-	-	3,820
Other	-	22	-	22
	102,098	1,413,672	3,095	3,842
	427,752	**1,669,152**	**114,559**	**122,449**
Non-current liabilities				
Financial operations				
Cosan Overseas Limited	1,966,067	-	-	-
Cosan Luxembourg S.A.	2,744,584	1,888,535	-	-
	4,710,651	**1,888,535**	**-**	**-**

b. Summary of related party transactions:

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Product sales				
Cosan Logística S.A	-	-	31,096	-
Raízen Combustíveis S/A	-	-	14,666	-
Raízen Energia S.A.	-	-	19,099	18,193
	-	**-**	**64,861**	**18,193**
Purchase of goods / Inputs				
Raízen Energia S.A.	-	-	(2,266)	(109)
Raízen Combustíveis S.A.	-	-	(119)	-
	-	**-**	**(2,385)**	**(109)**
Land lease				
Raízen Energia S.A.	-	-	58,508	54,045
	-	**-**	**58,508**	**54,045**
Shared income (expense)				
Aguassanta Participações S.A.	431	440	431	440
Cosan Biomassa S.A.	739	1,634	-	-
Radar Propriedades Agrícolas S.A.	3,800	2,753	-	-
Grupo Rumo	10,221	9,454	10,221	-
Cosan Lubrificantes e Especialidades	9,614	12,383	-	-
Raízen Energia S.A.	(3,921)	(4,897)	(32,864)	(28,102)
	20,884	**21,767**	**(22,212)**	**(27,662)**
Financial result				
Usina Santa Luiza	-	(152)	-	(152)
Cosan Lubrificantes e Especialidades	28	773	-	-
Cosan Limited	314	79	444	79
Cosan Logística S.A	-	-	512	
Cosan Luxembourg S.A.	(948,648)	(291,290)	-	-
Pasadena Empreed. Partic. S.A.	590	437	-	-
Cosan Overseas Limited	(735,466)	(274,188)	-	-
Raízen Energia S.A.	2,440	2,613	2,440	2,613
Other	(188)	(32)	(198)	406
	(1,680,930)	**(561,760)**	**3,198**	**2,946**

The Cosan's commercial transactions with its subsidiaries and jointly controlled entities are carried out at normal market prices and conditions. Over the years presented, they were not registered any loss for doubtful accounts.

The Company has land leases for sugarcane plantation, following as update premise, through the ATR released by CONSECANA.

The Company uses the cost apportionment metric for the cost and shared revenue

(i) Raízen Energia and Raízen Combustíveis

Non-current assets receivable from Raízen Energia and Raízen Combustíveis are, primarily, tax credits which will be reimbursed to the Company when realized. Current liabilities represent payables in relation to expenses paid by Raízen Energia and Raízen Combustíveis to Cosan S.A.

(ii) Rezende Barbosa Group

The Company has receivables with Rezende Barbosa for the repayment of loans taken prior to the acquisition of the subsidiaries. These receivables are secured by Cosan S.A. shares.

(iii) Cosan Limited

The accounts receivable registered in the short term is relate to the loan from the company Aldwich Temple Venture Capital, which bears interest at 1.86% per annum, calculated from the date of hire, monthly amortized until November 30, 2017.

c. Officers' and directors' compensation

Key management includes directors (executive and non-executive) and members of the board. The compensation paid or payable to key management for their services is shown below:

	December 31, 2015	December 31, 2014
Regular compensation	20,134	30,566
Stock option expense (Note 32)	11,279	12,753
Bonuses and other variable compensation	23,975	18,053
	55,388	**61,372**

12 Investments

a. Information on associates and subsidiaries

	Companhia de Gás de São Paulo - "COMGÁS"	Cosan Biomassa	Cosan Global	Cosan Investimentos e Participações S.A	Cosan Logística S.A.	Cosan Lubrificantes e Especialidades S.A.	Cosan Luxembourgo S.A.	Novo Propriedades Agrícolas S.A.	Radar II Propriedades Agrícolas S.A.	P Propried Agr
Shares issued by the investee	124,009,308	149,289,282	1	3,778,868	278,336,920	290,441	500,000	278,336,920	830,690,258	21,14
Shares held by Cosan		149,289,282	1	3,778,868	278,336,917	290,437	500,000	278,336,917	539,979,397	4,00
Cosan ownership interest	61.33%	100%	100%	100%	100%	100%	100%	100%	65%	
January 01, 2014	**3,538,971**	**-**	**11,208**	**2,172,458**	**-**	**252,814**	**46,222**	**1,029,042**	**609,503**	**58**
Equity income of investee	321,647	(5,438)	34,786	292,808	-	(39,871)	(33,680)	-	32,628	2
Equity income of Spin- off investee	-	-	-	-	28,946	-	-	40,496	-	
Equity method adjustments	2,702	-	-	(20,961)	-	30,645	-	-	649	
Dividends	(97,912)	-	-	(295,631)	(93,750)	-	-	(29,320)	(15,535)	(1
Capital increase / Decrease	-	142,569	14,881	3,415,746	64,804	-	-	(1,040,218)	-	
Other	(4,900)	(5,488)	-	(35,814)	-	(48,700)	-	-	-	
December 31, 2014	**3,760,508**	**131,643**	**60,875**	**5,528,606**	**-**	**194,888**	**12,542**	**-**	**627,245**	**61**
Equity income of investee	378,653	(12,363)	128,759	811,428	-	(239,358)	94,965	-	24,734	1
Equity method adjustments	685	-	-	(225,207)	-	(19,548)	-	-	920	
Dividends	(379,819)	-	-	(161,220)	-	-	-	-	(4,569)	(1
Capital increase / Decrease	-	89,569	11,029	-	-	-	-	-	-	
Other	(5,438)	-	-	(128,976)	-	-	-	-	-	
December 31, 2015	**3,754,589**	**208,849**	**200,663**	**5,824,631**	**-**	**(64,018)**	**107,507**	**-**	**648,330**	**62**

Financial information of investees

	December 31, 2015			
	Assets	**Liabilities**	**Shareholders' equity**	**Profits and Losses**
Cosan Lubrificantes e Especialidades S.A.	1,875,876	(1,939,894)	64,018	(239,362)
Radar Propriedades Agrícolas S.A.	2,293,693	(78,667)	(2,215,026)	74,956
Radar II Propriedades Agrícolas S.A.	1,004,544	(7,112)	(997,432)	38,053
Companhia de Gás de São Paulo - "COMGÁS"	8,868,031	(5,686,629)	(3,181,402)	698,852
Cosan Investimentos e Participações S.A.	5,780,389	(6,458)	(5,773,931)	760,419
Cosan Luxembourg S.A.	3,621,407	(3,513,899)	(107,508)	94,965
Cosan Global	200,663	-	(200,663)	128,758
Cosan Biomassa	371,311	(162,463)	(208,848)	(12,265)
Tellus Brasil Participações Ltda	1,966,635	(3,013)	(1,963,622)	144,868
Janus Brasil Participações S.A.	967,850	(135,084)	(832,766)	19,155

	December 31, 2014			
	Assets	**Liabilities**	**Shareholders' equity**	**Profits and Losses**
Cosan Lubrificantes e Especialidades S.A.	1,907,665	(1,712,681)	(194,984)	(39,873)
Radar Propriedades Agrícolas S.A.	2,241,206	(100,543)	(2,140,663)	155,760
Radar II Propriedades Agrícolas S.A.	986,466	16,178	(1,002,644)	50,196
Companhia de Gás de São Paulo - "COMGÁS"	11,028,343	(5,156,081)	(5,872,262)	531,135
Cosan Investimentos e Participações S.A.	5,536,443	-	(5,536,443)	(301,691)
Cosan Luxembourg S.A.	2,477,926	(2,465,383)	(12,543)	33,680
Cosan Global	60,875	-	(60,875)	(34,786)
Cosan Biomassa	300,080	(168,437)	(131,643)	5,438
Tellus Brasil Participações Ltda	1,865,488	(18,060)	(1,847,428)	192,553
Janus Brasil Participações S.A.	254,749	(103)	(254,646)	(1,483)

b. Consolidated

	Tellus Brasil Participações S.A.	**Novvi Limited Liabilitie Company**	**Janus Brasil Participações S.A.**	**Other investments**	**Total**
Shares issued by the associate	65.957.282	200.002	16,166,927	-	
Shares held by non-controlling shareholders	33.638.214	100.001	31,699,465	-	
Non-controlling interest	51.00%	50.00%	51.00%	-	
December 31, 2013	**78,821**	**15,364**	**-**	**9,131**	**103,316**
Equity in earnings (losses) of associates	9,743	(7,501)	-	1,298	**3,540**
Other comprehensive income (losses)	204	-	-	(1,591)	**632**
Dividends	(1,556)	-	-	-	**(1,556)**
Increase / decrease in capital	7,294	4,640	13,063	1,500	**26,497**
Other	-	-	-	(1,751)	**(1,751)**
December 31, 2014	**94,506**	**14,522**	**13,063**	**8,587**	**130,678**
Equity in earnings (losses) of associates	7,822	(11,586)	2,836	(2,259)	**(3,187)**
Other comprehensive income (losses)	(429)	3,847	-	2,767	**6,185**
Dividends	(2,261)	-	-	-	**(2,261)**
Increase / decrease in capital	-	-	7,814	-	**7,814**
Other	-	-	-	907	**907**
December 31, 2015	**99,638**	**6,783**	**23,713**	**10,002**	**140,136**

Information from investees:

	December 31, 2015				
	Assets	**Liabilities**	**Shareholders' equity**	**Profits and Losses**	**Comprehensive income total**
Tellus Brasil Participações S.A.	1,966,635	(3,013)	(1,963,622)	144,868	(8,813)
Janus Brasil Participações S.A.	967,850	(135,084)	(832,766)	19,155	-
Novvi Limited Liability Company	13,951	(37,670)	23,719	(18,278)	-

	December 31, 2014				
	Assets	**Liabilities**	**Shareholders' equity**	**Profits and Losses**	**Comprehensive income total**
Tellus Brasil Participações S.A.	1,865,488	(12,421)	(1,853,067)	192,553	4.334
Janus Brasil Participações S.A.	254,749	(103)	(254,646)	(1,483)	-
Novvi Limited Liability Company	21,800	(18,147)	(3,653)	(14,847)	4.038

c. Non-controlling shareholders information in the Company's subsidiaries

	Companhia de Gás de São Paulo - "COMGÁS"	**Logispot Armazéns Gerais S.A.**	**Radar II Propriedades Agrícolas S.A.**	**Radar Propriedades Agrícolas S.A.**	**Eliminação participação Radar II na Radar**	**Rumo Logística Operadora Multimodal S.A.**	**Total**
Shares issued by the investee	124,009,308	2,040,816	830,690,258	21,148,989	-	956,917	
Shares held by Cosan	48,748,059	1,000,000	290,710,861	17,147,822	-	239,229	
Cosan ownership interest	38.67%	61.75%	35.00%	81.08%	-	25.00%	
January 01, 2014	**1,961,238**	**37,219**	**328,192**	**1,607,793**	**(505,215)**	**349,285**	**3,778,512**
Equity income of investee	210,196	106	17,567	100,253	-	23,147	**351,269**
Equity income of Spun-off investee	-	(37,325)	-	-	-	(372,432)	**(409,757)**
Other comprehensive income (losses)	967	-	349	5,006	(234)	-	**6,088**
Dividends	(65,715)	-	(8,365)	(32,432)	6,505	-	**(100,007)**
Other	4,892	-	-	-	-	-	**4,892**
December 31, 2014	**2,111,578**	**-**	**337,743**	**1,680,620**	**(498,944)**	**-**	**3,630,997**
Equity income of investee	239,727	-	13,344	48,609	-	-	**301,680**
Other comprehensive income (losses)	432	-	395	7,053	(1,416)	-	**6,464**
Dividends	(244,600)	-	(2,460)	(7,533)	1,510	-	**(253,083)**
Other	2,430	-	-	-	-	-	**2,430**
December 31, 2015	**2,109,567**	**-**	**349,022**	**1,728,749**	**(498,850)**	**-**	**3,688,488**

Summarized balance sheet

	Radar Propriedades Agrícolas S.A.		**Radar II Propriedades**		**Companhia de Gás de São Paulo - "COMGÁS"**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Current						
Assets	182,118	66,766	7,712	803	2,780,989	1,841,957
Libilities	(26,775)	(16,744)	(7,081)	(202)	(2,047,974)	(1,497,373)
Net current assets	**155,343**	**50,022**	**631**	**601**	**733,015**	**344,584**
Non-current						
Assets	2,111,574	2,135,540	996,833	964,391	9,558,652	9,186,386
Libilities	(51,852)	(44,899)	(29)	-	(4,427,331)	(3,658,708)
Net non-current assets	**2,059,722**	**2,090,641**	**996,804**	**964,391**	**5,131,321**	**5,527,678**
Equity	**2,215,026**	**2.140.663**	**997,432**	**964.992**	**5,864,338**	**5.872.262**

Summarized statement of profit or loss and other comprehensive income

	Radar Propriedades Agrícolas S.A.		Radar II Propriedades		Companhia de Gás de São Paulo - "COMGÁS"	
	Twelve month ended December 31, 2015	Twelve month ended December 31, 2014	Twelve month ended December 31, 2015	Twelve month ended December 31, 2014	Twelve month ended December 31, 2015	Twelve month ended December 31, 2014
Net sales	46,542	43,883	-	-	6,597,017	6,387,104
Profit before taxes	81,187	164,365	38,083	50,217	866,742	734,945
Income tax expenses	(6,230)	(8,605)	(30)	(21)	(248,354)	(203,810)
Profit for the year	**74,957**	**155,760**	**38,053**	**50,196**	**618,388**	**531,135**
Other comprehensive income	8,699	6,140	1,415	997	997	6,266
Total comprehensive income	**83,656**	**161,900**	**39,468**	**51,193**	**619,385**	**537,401**
Comprehensive income attributable to non-controlling interests	54,226	104,944	13,774	17,918	239,516	211,252
Dividends paid	-	25,928	-	8,365-	129,253	65,715

Summarized statements of cash flows (i)

	Parent Company			
	Radar Propriedades Agrícolas S.A.		Radar II Propriedades	
Cash flow from operating activities	**Twelve month ended December 31, 2015**	**Twelve month ended December 31, 2014**	**Twelve month ended December 31, 2015**	**Twelve month ended December 31, 2014**
Cash generated from operations	30,402	68,173	2,216,242	1,596,064
Income taxes paid	(7,549)	(10,219)	(86,693)	(111,970)
Net cash provided by operating activities	**22,853**	**57,954**	**2,129,549**	**1,484,094**
Net cash used in investing activities	**(27,840)**	**(21,181)**	**(512,803)**	**(661,546)**
Net cash used in financing activities	**-**	**(40,000)**	**(622,810)**	**(384,798)**
Increase (decrease) in cash and cash equivalents	**(4,987)**	**(3,227)**	**993,936**	**437,750**
Cash and cash equivalents at beginning of year	5.962	9.189	973,709	535.957
Cash and cash equivalents at end of the year	**975**	**5.962**	**1,967,645**	**973.707**

(i) Information presented for subsidiaries with material of non-controlling interest

d. Information of subsidiaries:

December 31, 2015, the subsidiary COMGÁS has a balance of regulatory receivable account of R$ 116,947 (R$ 242,654 at December 31, 2014) related to differences between the actual cost incurred gas paid by COMGÁS, and the cost of gas included in the rate and charged customers as tariff structure defined by ARSESP. During the year, the net movement of regulatory account was R$ (125,707) and the update by the Selic rate was R$ 26,111.

The Company is awaiting the agency information on the next steps of the tariff review process.

13 Investment in joint ventures

The Company entered into an agreement to jointly deal for 50% stake on the economic control of two companies:

(i) Raízen Combustíveis which owns a network of about 5,682 service stations throughout Brazil, 63 distribution terminals and 59 airports terminals supplying aviation fuels;

(ii) Raízen Energia, which operates in the production and sale of sugar, ethanol and cogeneration services, the latter mainly from sugar cane bagasse. Raízen Energia is responsible for the production of more than, approximately, 2 billion liters of ethanol per year to supply the domestic and foreign market, 4 million tons of sugar and 940 MW of installed capacity of electricity.

Raízen Energia cultivates harvests and processes sugar cane - the main raw material used in the production of sugar and ethanol.

Cosan has joint control over Raízen Combustíveis and Raízen Energia by virtue of its 50% share in the equity of both companies and the requirement for unanimous consent by all shareholders over decisions related to the significant activities. The investments have been classified as joint ventures under IFRS 11 and therefore the equity method of accounting is used in these consolidated financial statements.

Changes to investments in jointly controlled entities were as follows:

	Consolidated		
	Raízen Combustíveis S.A.	**Raízen Energia S.A**	**Total**
Shares issued by investee	3,303,168,484	5,902,595,634	
Shares held by Cosan	1,651,584,242	2,951,297,817	
Cosan ownership interest	50%	50%	
December 31, 2013	**3,326,482**	**5,171,777**	**8,498,259**
Equity in earnings (losses) of jointly controlled entities	503,176	85,252	588,428
Equity method adjustments	(210)	(44,322)	(44,532)
Dividends	(610,982)	(26,912)	(637,894)
Other equity effects	-	241	241
December 31, 2014	**3,218,466**	**5,186,036**	**8,404,502**
Equity in earnings (losses) of jointly controlled entities	618,399	157,167	775,566
Equity method adjustments	(6,909)	(218,518)	(225,427)
Dividends	(423,824)	-	(423,824
Interest on own capital	(201,299)	-	(201,299)
December 31, 2015	**3,204,833**	**5,124,685**	**8,329,51**

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in Note 5, Segment Information.

Pursuant to the terms of the Raízen Joint Venture - Framework Agreement, Cosan is responsible for certain legal proceedings that existed prior to the formation of Raízen, net of judicial deposits as of April 1, 2011, as well as tax installments under the REFIS (tax amnesty and refinancing program), recorded in "Other taxes payable". Additionally, Cosan has access to a credit line (stand-by facility) granted to Raízen in the amount of US$500 million, which was unused at December 31, 2015.

14 Investment property and assets held for sale

The balance of Investment property and Assets held for sale are as follow:

	Investment property	Assets held for sale	Total
December 31, 2013	2,281,509	314,104	2,595,613
Change in fair value	112,579	19,118	131,697
Transfers (i)	247,890	(247,890)	-
Disposals	-	(60,243)	(60,243)
December 31, 2014	**2,641,978**	**25,089**	**2,667,067**
Change in fair value	53,507	(2,434)	51,073
Transfers (i)	(97,985)	106,964	8,979
Additions	3,535	-	3,535
Disposals	(6,000)	(17,981)	(23,981)
December 31, 2015	**2,595,035**	**111,638**	**2,706,673**

(i) The amount of R$ 8,979, refers to the transfer of fixed assets for property investment.

Investment properties include agricultural land located in the Southeast, Midwest and Northeast regions of Brazil, which are leased to third parties and jointly controlled entities. The leases agreement have an average term of 18 years for the cultivation of sugarcane and 10 years for grain, the annual value of the leases indexed variations in commodity prices.

15 Property, plant and equipment

	Consolidated						Parent Company
	Land, building and improvements	Machinery equipment and facilities	Railcars and locomotives	Construction in progress	Other	Total	Total
Cost							
December 31, 2013	**447,240**	**359,262**	**436,064**	**284,262**	**35,100**	**1,561,928**	**32,591**
Additions	114	4,888	-	293,376	-	**298,378**	4,377
Disposals	(11)	(2,077)	-	5	(1,008)	**(3,091)**	-
Transfers (i)	55,612	115,258	5,380	(294,221)	4,261	**(113,710)**	(3,590)
Partial Spin-off	(331,826)	(401,309)	(441,444)	(126,914)	(6,113)	**(1,307,606)**	-
December 31, 2014	**171,129**	**76,022**	**-**	**156,508**	**32,240**	**435,899**	**33,378**
Depreciation							
December 31, 2013	**(80,419)**	**(153,996)**	**(41,584)**	**-**	**(14,019)**	**(290,018)**	**(4,468)**
Additions	(13,240)	(28,606)	(10,259)	**-**	(4,593)	**(56,698)**	(2,246)
Disposals	10	991	-	**-**	926	**1,927**	-
Transfers (i)	4	(4)	-	**-**	-	**-**	-
Partial Spin-off	58,236	146,790	51,843	**-**	3,456	**260,325**	-
December 31, 2014	**(35,409)**	**(34,825)**	**-**	**-**	**(14,230)**	**(84,464)**	**(6,714)**
December 31, 2013	**366,821**	**205,266**	**394,480**	**284,262**	**21,081**	**1,271,910**	**28,123**
December 31, 2014	**135,720**	**41,197**	**-**	**156,508**	**18,010**	**351,435**	**26,664**

	Consolidated					Parent Company
	Land, building and improvements	Machinery equipment and facilities	Construction in progress	Other	Total	Total
Cost						
December 31, 2014	**171,129**	**76,022**	**156,508**	**32,240**	**435,899**	**33,378**
Additions	-	596	78,926	134	**79,656**	3,955
Additions business combination	7,298	22,034	3,161	907	**33,400**	-
Disposals	(2,063)	(292)	-	(414)	**(2,769)**	(8)
Transfers (i)	56,251	64,595	(179,846)	21,312	**(37,688)**	(1,661)
December 31, 2015	**232,615**	**162,955**	**58,749**	**54,179**	**508,498**	**35,664**
Depreciation						
December 31, 2014	**(35,409)**	**(34,825)**	**-**	**(14,230)**	**(84,464)**	**(6,714)**
Additions	(5,256)	(8,042)	**-**	(5,134)	**(18,432)**	(2,300)
Disposals	1,632	268	-	206	**2,106**	2
Transfers (i)	7,628	(205)	-	(13,331)	**(5,908)**	-
December 31, 2015	**(31,405)**	**(42,804)**	-	**(32,489)**	**(106,698)**	**(9,012)**
December 31, 2014	**135,720**	**41,197**	**156,508**	**18,010**	**351,435**	**26,664**
December 31, 2015	**201,210**	**120,151**	**58,749**	**21,690**	**401,800**	**26,652**

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

16 Intangible assets

	Consolidated							Parent Company
	Goodwill	Concessionntangible asset - COMGÁS	Improvements in public concessions and operation licenses	Trademarks	Related customer relationships	Other	Total	Total
Cost								
December 31, 2013	**703,956**	**8,307,282**	**751,555**	**252,474**	**719,186**	**200,825**	**10,935,278**	**5,923**
Additions	-	502,942	-	-	149,236	22,554	**674,732**	-
Disposals	-	(19,539)	-	-	(6,773)	11	**(26,301)**	-
Transfers	-	(675)	109,740	-	675	3,970	**113,710**	3,590
Partial Spin-off	(100,451)	-	(866,709)	-	-	(4,066)	**(971,226)**	-
December 31, 2014	**603,505**	**8,790,010**	**(5,414)**	**252,474**	**862,324**	**223,294**	**10,726,193**	**9,513**
Amortization:								
December 31, 2013	**-**	**(306,437)**	**(102,119)**	**(114,132)**	**(273,120)**	**(61,430)**	**(857,238)**	**(2,018)**
Additions	-	(343,956)	(28,965)	(22,830)	(155,582)	(45,406)	**(596,739)**	(1,153)
Disposals	-	13,663	-	-	3,420	-	**17,083**	-
Partial Spin-off	-	-	136,498	-	-	323	**136,821**	-
December 31, 2014	**-**	**(636,730)**	**5,414**	**(136,962)**	**(425,282)**	**(106,513)**	**(1,300,073)**	**(3,171)**
December 31, 2013	**703,956**	**8,000,845**	-	**138,342**	**446,066**	**139,395**	**10,078,040**	**3,905**
December 31, 2014	**603,505**	**8,153,280**	-	**115,512**	**437,042**	**116,781**	**9,426,120**	**6,342**

	Consolidated							Parent Company
	Goodwill	Concessionntangible asset - COMGÁS	Improvements in public concessions and operation licenses	Trademarks	Related customer relationships	Other	Total	Total
Cost								
December 31, 2014	**603,505**	**8,790,010**	**(5,414)**	**252,474**	**862,324**	**223,294**	**10,726,193**	**9,513**
Additions	-	424,279	-	-	83,178	27,781	**535,238**	-
Additions business combination (ii)	9,335	-	-	-	-	-	**9,335**	-
Disposals	-	(52,545)	-	-	(7,728)	-	**(60,273)**	-
Transfers (i)	-	(2,632)	5,414	-	2,696	34,540	**40,018**	1,659
December 31, 2015	**612,840**	**9,159,112**	**-**	**252,474**	**940,470**	**285,615**	**11,250,511**	**11,172**
Amortization:								
December 31, 2014	**-**	**(636,730)**	**5,414**	**(136,962)**	**(425,282)**	**(106,513)**	**(1,300,073)**	**(3,171)**
Additions	-	(327,098)	-	(22,827)	(155,346)	(39,810)	**(545,081)**	(1,735)
Disposals	-	42,095	-	-	5,217	-	**47,312**	-
Transfers (i)	-	-	(5,414)	-	-	14	**(5,400)**	1
December 31, 2015	**-**	**(921,733)**	**-**	**(159,789)**	**(575,411)**	**(146,309)**	**(1,803,242)**	**(4,905)**
December 31, 2014	**603,505**	**8,153,280**	**-**	**115,512**	**437,042**	**116,781**	**9,426,120**	**6,342**
December 31, 2015	**612,840**	**8,237,379**	**-**	**92,685**	**365,059**	**139,306**	**9,447,269**	**6,267**

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

(iii) December 1St, 2015, Cosan, through its subsidiary Cosan Lubrificantes e Especialidades ("CLE"), acquired 100% of the common shares of Ilha terminal for R$ 66,672, generating a preliminary addition the "goodwill" of the segment lubricants R$ 9,335. The transferred, net of cash received, totaled R$ 66,659.

Capitalization of borrowing costs

Capitalized borrowing costs for period ended on December 31, 2015, amounted to R$ 20,098 (R$ 20,891 for period ended on December 31, 2014), relating to interest on loans obtained for the construction of these assets. The weighted average interest rate used to capitalize borrowing costs on the balance of construction in progress, was 11.47% p.a. for the period ended on December 31, 2015 (10.93% p.a. on December 31, 2014).

Intangible assets (excluding goodwill)	**Annual rate of amortization**	**December 31, 2015**	**December 31, 2014**
Concession intangible asset - COMGÁS (a)	during the concession term	8,237,378	8,153,280
Trademarks			
Mobil	10.00%	68,481	91,308
Comma	-	24,204	24,204
		92,685	**115,512**
Relationship with customers: Comgás	20.00%	313,693	375,118
Lubricants	6.00%	51,366	61,924
		365,059	**437,042**
Other			
Licence of software	20.00%	112,570	81,408
Other		26,736	35,373
Total		**116,781**	**8,822,615**

(a) Refers to the concession intangible asset for the public gas distribution service, which represents the right to charge users for the supply of gas and it is comprised of: (i) the concession rights recognized in the business combination and (ii) concession assets as disclosed;

Impairment testing for cash-generating units containing goodwill

The Company tests annually the recoverable amounts of goodwill arising from business combination transactions. Property, plant and equipment and definite life intangible assets that are subject to depreciation and amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The combined carrying amounts of goodwill allocated to cash generating units are as follows:

	Consolidated	
	December 31, 2015	**December 31, 2014**
Cash-generating unit - Lubricants	612,797	603,462
Cash-generating unit Cosan - other business	43	4
Total goodiwill	**612,840**	**603,505**

Recoverable amount is determined by reference to the value in use, using the discounted cash flows model based on management‟s estimated budget information which takes into consideration assumptions related to each business, using market available information as well as previous performance. Discounted cash flows are estimated for a period of 5 to 10 years and perpetuity assuming a real growth rate. Management considers appropriate to estimate cash flows for a period longer than 5 years as this reflects the estimated period for use of the asset groups and businesses involved.

The main assumptions used mainly consider the expected growth in operations based on Gross Domestic Product (GDP) segmented and other macroeconomic aspects, as well as expectations of commodity sales price, using discount rates that reflect specific risks related to the business.

Future cash flows are discounted using discount rates 12.9% (weighted average cost of capital) that reflect specific risks relating to the significant assets in each cash-generating unit. A change of 0.5 percentage point in the discount rate has an impact of about 10% on the estimated segments. The dollar has no significant impact on the projections and therefore the fluctuation of the exchange would have no significant effect on the estimated segments.

The impairment test performed as of December 31, 2015 did not result in the need to recognize impairment losses on the carrying value of intangible assets or goodwill. The determination of the recoverability of assets depends on certain key assumptions as described above which are influenced by current market, technological and economic conditions. These tests are not indicative of future impairment losses and/or whether they would be material.

17 Loans, borrowings and debentures

	Interest		Parent Company		Consolidated		
Description	**Index(i)**	**Annual interest(ii)**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**Maturity**
Loan and borrowings							
BNDES	TJ462	9.89%	-	-	809,660	834,565	Oct-2020
	Selic	16.20%	-	-	298,258	274,000	Oct-2020
	TJLP	9.82%	-	-	176,900	288,209	Oct-2018
EIB	US$ + LIBOR	2.16%	-	-	869,014	691,463	Sep-2021
FINAME	Fixed	5.50%	-	-	164	224	Feb-2025
FINEP	Fixed	5.00%	-	-	137,133	165,032	Nov-2020
Foreign loans	LIBOR Sterling	3.95%	-	-	312,940	224,047	Dec-2019
Perpetual Notes	US$	8.25%	-	-	1,976,673	1,344,760	-
Resolution 4131	US$	3.11%	-	-	161,796	29,338	Oct-2020
	US$ + LIBOR	2.40%	-	-	471,045	466,494	Mar-2018
	US$ + LIBOR	1.76%	406,348	266,006	406,348	266,006	Nov-2016
Senior Notes Due 2018	Fixed US$	9.50%	-	-	875,376	874,494	Mar-2018
Senior Notes Due 2023		5.00%	-	-	2,009,296	1,352,796	Mar-2023
Working capital	CDI + 0.28% p.m.	18.03%	-	-	25,004	-	- Dec-2016
	121.10% of CDI	17.37%	-	-	10,143	-	Nov-2016
Secured account	118% of CDI	16.89%	-	-	17,763	-	Apr-2016
Other	-	-	-	-	-	7,559	-
			406,348	**266,006**	**8,557,513**	**6,818,987**	
Non-convertible debentures			-	-	1,198,190	578,615	
Total			**406,348**	**266,006**	**9,755,703**	**7,397,602**	
Current			**406,348**	**266,006**	**1,230,518**	**856,334**	
Non-current			**-**	**-**	**8,525,185**	**6,541,268**	

(i) TJLP and URTJLP are long-term interest rates set on loans by the BNDES, the Brazilian National Economic and Social Development Bank. Selic is the benchmark interest rate set by the Central Bank of Brazil. CDI is a benchmark interbank lending rate in Brazil. IPCA is a benchmark consumer price index; and

(ii) December 31, 2015.

The carrying amounts and fair value of loans and borrowings:

	December 31, 2015	**December 31, 2014**
13 to 24 months	628,853	463,376
25 to 36 months	2,181,646	706,300
37 to 48 months	670,499	1,735,088
49 to 60 months	727,953	543,686
61 to 72 months	184,070	371,420
73 to 84 months	120,819	41,371
85 to 96 months	2,010,345	-
Up to 97 months	2,001,000	2,680,027
	8,525,185	**6,541,268**

BNDES

Matches the funds raised by its subsidiaries to finance the expansion projects of the gas distribution network secured by bank guarantees.

Loan EIB
Refers to loans in US dollars and have remuneration linked to fluctuations in the LIBOR rate and fixed rate, maturing in the year 2021 and are secured by bank guarantees. The funds raised were used to expand and support the network distribution of natural gas. These loans are secured as the exchange rate and interest through derivative financial instruments exchange the original interest for 89% of CDI.

FINEP
In November 2012, a bank debt was acquired for R$ 89,694, maturing in January 2021. These loans are secured by bank guarantees. The funds will be used in the development plan, production and marketing of new industrial technologies for the processing of biomass derived from sugarcane or other sources.

Foreign currency loans
On December 22, 2014, it was renegotiated debt Cosan Lubes Investments Limited, adding a grace period of the main two and a half years, expiring in December 2019. The original loan was captured on June 29, 2012, in the amount from £54 million to acquire control of Comma Oil and Chemicals Limited in July 2012.

Perpetual bonus
On November 5, 2010 and July 13, 2011 Cosan Overseas Limited issued US$500,000 thousand of perpetual notes in the international capital market under “Regulation S”, bearing annual interest of 8.25%, payable quarterly. The debt exchange risk is mitigated through NDFs.

Resolution 4.131
It refers to funds raised abroad with several financial institutions, maturing by 2020, aiming to finance the Company's cash flow and controlled. To mitigate the risk of exchange and interest rate derivative instruments were contracted whose interest rate was changed to 84.3% of the CDI.

Company agreements have financial covenants, with amounts of net debt by EBITDA between 3.75 and 4 times, as well as short-term debt ratio by total debt from 0.55 to 0.60.

Senior Notes due 2018
In March 2013, it was issued Senior Notes in the international market, according to the "Regulation S" and "144A" in the amount of R$ 850,000, which are subject to interest of 9.5% p.a., payable semiannually in September and March each year.

Senior Notes due 2023
On March 14, 2013, it was issued Senior Notes in the international market in accordance with the "Regulation S" and "144A" in the amount of US $ 500 million, which are subject to interest of 5% p. a., payable semiannually in March and September of each year. During the term of the permit, the Company must maintain the net debt divided by EBTIDA.

Debentures

				Interest			
Description	**Issue**	**Series**	**Quantity**	**Indexer interest**	**Annual**	**December 31, 2015**	**December 31, 2014**
Non-convertible	**Debentures**						
9/15/2013	3rd	1 st	128,197	CDI	0.90%	133,624	132,686
9/15/2013	3rd	2 rd	269,338	IPCA	5.10%	320,419	295,557
9/15/2013	3rd	3rd	142,465	IPCA	5.60%	166,300	156,517
Transaction cost	3rd					(4,750)	(6,145)
12/15/2015	4th	1 st	269,620	IPCA	7.14%	270,642	-
12/15/2015	4th	2nd	242,374	IPCA	7.48%	243,308	-
12/15/2015	4th	3rd	79,900	IPCA	7.36%	80,207	-
Transaction cost	4th					(11,560)	-
December 31, 2015						**1,198,190**	**578,615**

3rd issue

On September 15, 2013, the subsidiary COMGÁS completed the capture of 3rd issue of non-convertible debentures in three series, indivisible with total nominal value of R$ 540,000. The final maturity is September 2020. In this issue the original interest was exchanged for 93% of CDI through derivative financial instruments.

4th issue

On December 15, 2015, COMGÁS completed the funding of its 4th issue of non-convertible debentures in three series, indivisible with total nominal value of R$ 591,894. The final maturity date is December 2025.

Covenants

The debentures are subject to certain restrictive covenants and include clauses that require the Company to maintain certain financial ratios within pre-established parameters. The main indexes are the net debt to EBITDA, as well as short-term debt ratio by total debt to 0.60.

Changes in loans, financing and debentures:

	Parent Company	**Consolidated**
December 31, 2014	266,006	7,397,602
Acquisition	376,880	1,727,308
Payment	(382,434)	(2,030,301)
Monetary and exchange variations	145,896	2,661,094
December 31, 2015	**406,348**	**9,755,703**

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

	December 31, 2015	December 31, 2014
US Dollar (USD)[(i)]	5,894,172	4,150,857
Brazilian Real (R$)	3,548,591	3,022,698
Pound Sterlind (GBP)	312,940	224,047
	9,755,703	**7,397,602**

(i) At December 31, 2015, all debts denominated in US dollars have currency risk protection through derivatives. See details in note 31.

Covenants
For the year ended December 31, 2015, the Company, its subsidiaries and its joint ventures were in compliance with all terms of contracts.

18 Commitments

a. Commitments for the acquisition of assets and regulatory targets

In view of the postponement of the conclusion of the Review Five Year Tariff in 2014 as a result of the publication of Resolutions ARSESP 493 and 494, both of May 27, 2014, which provide, respectively, on the "Tariff Revision Process of Gas distribution companies in the State Sao Paulo, defining events schedule "and on the" provisional adjustment of the sales margins of Gas Company of São Paulo - COMGÁS "there Regulatory commitment set on December 31, 2015 and 2014.

b. Gas purchase

The subsidiary COMGÁS has contracts to purchase take-or-pay, effective until December 2019, with gas suppliers that set minimum daily purchases of gas volumes. Was the Company to consume a volume of gas under its contractual obligation, the company would have to pay the deficit between consumption and the minimum required contractual volumes, however, could offset this credit (through consumption) during the remainder of contract agreement. Amounts paid and not consumed by COMGÁS were recognized as "Carriage Paid and not used" in the statement of financial position (2015 R$ 204,725; 2014 R$ 163,686).

c. Asset (liability) regulatory - supplementary information

	December 31, 2015	December 31, 2014
Cost of gas to be recovered	114,076	243,713
Credits of taxes to be repassed	(3,910)	(1,120)
Adjustment to present value of taxes	192	61
Other	6,589	-
	116,947	**242,654**
Opening balance	242,654	347,729
Closing balance	116,947	242,654
	-	-
Expense not recognized in the statement of income before income tax and social contribution	**(125,707)**	**(105,075)**
Liabilities regulatory	(145,545)	(124,495)
Adjustment	26,111	26,359
Other	(6,273)	(6,939)
	(125,707)	**(105,075)**

The tariffs for the gas supply to the different customer segments are authorized by the regulator. According to the terms of the Concession Agreement, the difference between the cost of gas component included in the rates charged to customers and the actual cost incurred gas are calculated on a monthly basis and debited or credited to a regulatory account (current account regulatory).

Periodically, charges or credits in tariffs are determined by the regulator in order to pay off the accumulated amount in this account.

The balance of this account is considered as an asset or liability in accordance with the regulatory chart of accounts. However, this account is excluded from the financial statements prepared in accordance with accounting practices adopted in Brazil, since its balance is not recorded as an asset or a liability, because their realization or settlement depends on future consumption by different consumers of the Company. Therefore, the balances presented above are not recognized in the financial statements presented here.

d. Lease commitments

The Company, through its subsidiary COMGÁS has 12 lease contracts for rental of properties. Rental expense amounted to R$ 4,480 at December 31, 2015 (R$ 4,639 for the period of twelve months ended on December 31, 2014).

The lease terms are for a period of one to six years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

Future minimum lease payments under non-cancelable operating leases are as follows:

		December 31, 2015	December 31, 2014
Gross lease obligations - minimum lease payments	No later than 1 year	3,543	4,080
	Later than 1 year and no later than 5 years	2,837	6,233
		6,380	**10,313**

e. Purchase of plastic packaging

CLE has take-or-pay purchase contracts, effective through December 2017, with plastic packaging suppliers for lubricants oil which establish minimum revenue based on the combination of prices and volumes guaranteed to have minimum volume sales to ensure the recovery of the costs of industrial operation. There were no amounts paid and not consumed by the Company in recent years.

19 Trade payables

	Parent company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Natural gas suppliers	-	-	1,489,552	1,043,998
Judicial deposits on gas supply	-	-	(294,976)	(294,976)
Material and services suppliers	1,151	2,528	350,246	222,148
	1,151	**2,528**	**1,544,822**	**971,170**

(i) The contracts for the supply of natural gas have their composite price built in two parts: a part that is indexed according to a basket of fuel oil in the international market and readjusted quarterly; and another part that is readjusted annually based on the domestic and/or American inflation. The cost of gas is practiced in R$/m³, and the Bolivian gas is calculated at US$/MMBTU, with correction by the monthly exchange rate variation.

On February 25, 2014, COMGÁS obtained a preliminary injunction against Petrobrás, which assured the Company the right to provide a deposit of the controversial monthly value due to Petrobrás, corresponding to the difference in prices between (i) the price in the TCQ Contract for the Supply of Gas signed between COMGÁS and Petrobrás and (ii) the price under the Firm Contract signed between Petrobrás and Gás Brasiliano Distribuidora S.A., whereas the obligation of equality assumed before the Petrobrás Group with the State Regulatory Agency - ARSESP. Initially, the security was provided by bank deposits which, subsequently, after the preliminary injunction was granted by the STJ in November 6, 2014, were replaced by a letter of guarantee issued by a first-tier financial institution.

Therefore, the controversial values calculated based on the supply of gas from January to September 2014 were assured in a court decision upon a judicial deposit and the controversial values calculated found as of the supply of gas from October 2014 to September 2015 began to be secured by a bank guarantees. On December 31, 2015, the guaranteed value in the judicial deposit is R$ 294,976 and the guaranteed value through surety is of R$ 577,420.

20 Other payable taxes

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Tax amnesty and refinancing program - Refis (i)	30,789	191,396	30,789	523,802
COFINS - Revenue tax	11,905	8,298	20,815	16,784
PIS - Revenue tax	2,510	1,802	4,432	2,121
INSS - Social security	539	667	782	1,052
Other	506	597	17,215	24,490
ICMS - State VAT	4	-	71,438	66,752
	46,255	**202,760**	**145,471**	**635,000**
Current	**21,025**	**200,600**	**120,241**	**300,435**
Non-Current	**25,230**	**2,160**	**25,230**	**334,565**

(i) The Company has elected to repay a significant portion of the debts under Law 11,941 / 2009, through the use of a court order to balance the amount of R$ 120,211, and obtaining fine amnesty and interest of R$ 36,377 recognized as a gain in the settlement of REFIS, presented in "Other expenses, net" (note 29).

The amount of R$ 350,301 related to the federal tax installment program Exxon Mobil liability was offset this year with their respective balance refund, as described in note 10.

The amounts maturing in the long term have the following scheduled maturities:

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
13 to 24 months	3,311	1,124	3,311	1,124
25 to 36 months	3,311	688	3,311	688
37 to 48 months	3,311	39	3,311	39
49 to 60 months	3,311	39	3,311	39
61 to 72 months	3,311	39	3,311	39
73 to 84 months	3,311	39	3,311	39
85 to 96 months	3,311	39	3,311	39
Over than 97 months	2,053	153	2,053	332,558
	25,230	**2,160**	**25,230**	**334,565**

21 Income tax and social contribution

a. Reconciliation of income and social contribution tax expenses

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Profit before taxes	409,406	26,413	901,321	536,083
Income tax and social contribution at nominal rate (34%)	(139,198)	(8,980)	(306,449)	(182,268)
Adjustments to determine the effective rate				
Equity method investments (non-taxable income)	362,967	277,880	262,608	201,269
Non-deductible expenses (donations, gifts, etc.)	(857)	(1,372)	(22,529)	(19,013)
Stock options	(3,835)	(4,337)	(3,835)	(4,337)
Interest capital - benefit	(37,544)	(29,448)	(10,375)	(13,380)
Out of period carryforward tax losses (reversals)	-	-	1,586	(502)
Differences in tax rates on earnings / losses of overseas companies	(33,588)	3,200	11,321	5,421
under Brazilian presumed profits tax regime	-	-	24,111	51,398
Judicial demand related to income tax	-	-	-	13,839
Reversal of tax loss carryforwards - Partial Spin-off	-	(35,469)	-	(35,469)
Compensation action	114,844	-	114,844	-
Other	(5,611)	(5,305)	(4,340)	(2,444)
Income tax and social contribution expense (current and deferred)	**257,178**	**196,169**	**66,942**	**14,514**
Effective rate	**-62.82%**	**-742.70%**	**-7.43%**	**-2.71%**

b. Deferred income tax on assets and liabilities

	Parent Company				
	December 31, 2015				December 31, 2014
	Base	IRPJ	CSLL	Total	
Tax loss carryforwards:					
Income tax loss carryforwards	481,564	120,391	-	120,391	136,247
Social contribution tax loss carryforwards	492,987	-	44,369	44,369	50,077
Temporary differences:	-	-	-	-	
Foreign currency gains/losses	2,279,508	569,877	205,156	775,033	269,164
Tax deductible goodwill	(64,185)	(16,046)	(5,777)	(21,823)	(21,823)
Provision for judicial demands	177,317	44,329	15,959	60,288	67,291
Allowance for doubtful accounts	20,902	5,226	1,881	7,107	7,982
Profit sharing	13,564	3,391	1,221	4,612	5,255
Derivatives instrumets unrealized gains	(1,216,723)	(304,181)	(109,505)	(413,686)	(123,390)
Unrealized gain on sale of investments	-	-	-	-	(18,772)
Other temporary differences	18,993	4,748	1,709	6,457	1,227
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,037)
Other	254,411	63,603	22,897	86,500	(42,532)
Total net liability		**(343,248)**	**(122,541)**	**(465,789)**	**(804,311)**

	Consolidated				
	December 31, 2015				December 31, 2014
	Base	IRPJ	CSLL	Total	
Tax loss carryforwards:					
Income tax loss carryforwards	1,244,558	311,140	-	311,140	318,595
Social contribution tax loss carryforwards	1,263,199	-	113,688	113,688	116,372
Temporary differences:	-	-	-	-	-
Foreign currency gains/losses	2,621,381	655,345	235,925	891,270	303,488
Tax deductible goodwill	297,922	74,480	26,813	101,293	289,705
Provision for judicial demands	482,874	120,718	43,459	164,177	179,166
Allowance for doubtful accounts	177,143	44,286	15,943	60,229	45,784
Profit sharing	19,970	4,993	1,797	6,790	7,898
Derivatives instrumets unrealized gains	(1,282,193)	(320,549)	(115,397)	(435,946)	(126,352)
Unrealized gain on sale of investments	-	-	-	-	(18,772)
Other temporary differences	296,088	74,022	26,648	100,670	26,073
Review of useful life	(294,567)	(73,642)	(26,511)	(100,153)	-
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,036)
Unrealized gains on investment properties	(2,015,231)	(40,305)	(21,764)	(62,069)	(74,801)
Assets held for sale	(40,766)	(815)	(440)	(1,255)	(773)
Concession contract	(36,918)	(9,229)	(3,323)	(12,552)	15,057
Regulatory asset	225,778	56,444	20,320	76,764	82,503
Regulatory asset	305,353	76,338	27,482	103,820	87,595
Business combination - Property and equipment	(3,629,688)	(907,422)	(326,672)	(1,234,094)	(1,305,599)
Business combination - Other fair value adjustments	(195,306)	(48,826)	(17,578)	(66,404)	(33,951)
Other	112,774	28,193	10,149	38,342	(106,340)
Total net liability		**(789,415)**	**(289,912)**	**(1,079,327)**	**(1,329,388)**
Deferred income tax - Assets				335,808	213,288
Deferred income tax - Liabilities				(1,415,135)	(1,542,676)
Total net deferred taxes				**(1,079,327)**	**(1,329,388)**

c. Tax realization on Deferred income and social contribution

In assessing the recoverability of deferred tax assets, management estimates future taxable income and the timing of reversal of the temporary differences. When it is more likely than not that a part or all of the deferred tax assets are not recoverable a provision allowance is recorded. For the year ended December 31, 2015, no provision was recognized. Under Brazilian tax law, tax loss carry forwards do not expire, however, their use is limited to 30% of annual taxable income.

At December 31, 2015, the Company expects to realize deferred taxes on loss carry forwards on income tax and social contribution as follows:

	Consolidated
	December 31, 2015
Later than 1 year and no later than 5 years	9,812
Later than 5 years	415,016
Total	**424,828**

d. Changes in deferred income taxes (net)

	Parent company	Consolidated
December 31, 2014	(804,311)	(1,329,388)
Deferred tax record in profit or loss	307,288	217,169
Others comprehensive income	31,235	36,556
Business combination	-	(3,792)
Other	-	128
December 31, 2015	**(465,788)**	**(1,079,327)**

22 Provision for judicial demands

	Provision for judicial demands			
	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Tax	73,320	72,614	376,532	341,213
Civil and enviromental	57,542	48,081	161,740	139,256
Labor	135,678	132,677	165,075	163,932
	266,540	**253,372**	**703,347**	**644,401**

Judicial deposits on December 31, 2015 and December 31, 2014 are as follows:

	Judicial deposits			
	Parent company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Tax	212,119	199,927	353,961	314,320
Civil and enviromental	13,797	12,766	19,465	28,124
Labor	26,597	23,546	39,641	46,270
	252,513	**236,239**	**413,067**	**388,714**

Changes in provision for judicial demands:

	Parent company			
	Tax	Civil and enviromental	Labor	Total
December 31, 2014	**72,614**	**48,081**	**132,677**	**253,372**
Provisions	2,892	10,696	28,980	42,568
Settlement / Write-offs	(2,374)	(9,083)	(32,399)	(43,856)
Monetary variation	188	7,848	6,420	14,456
December 31, 2015	**73,320**	**57,542**	**135,678**	**266,540**

	Consolidated			
	Tax	Civil and enviromental	Labor	Total
December 31, 2014	**341,213**	**139,256**	**163,932**	**644,401**
Provisions	14,259	20,076	39,257	73,592
Settlement / Write-offs	(6,439)	(14,155)	(40,812)	(61,406)
Monetary variation	27,499	16,563	2,698	46,760
December 31, 2015	**376,532**	**161,740**	**165,075**	**703,347**

a. Tax

The main tax lawsuits at December 31, 2015 and December 31, 2014, are as follows:

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Compensation with FINSOCIAL (i)	-	-	255,022	241,739
INSS (ii)	48,884	44,332	57,916	46,660
ICMS credits(iii)	18,777	22,931	29,248	24,231
PIS and COFINS	-	873	-	4,704
IPI	1,105	1,027	1,105	1,027
IRPJ and CSLL	329	329	329	329
Other	4,224	3,122	32,911	22,523
	73,319	**72,614**	**376,531**	**341,213**

(i) During the period from October 2003 to November 2006 the subsidiary Cosan Lubrificantes e Especialidades offset the FINSOCIAL tax against several other federal taxes, based on a final court decision in September 2003 following a decision that challenged the constitutionality of the FINSOCIAL. No judicial deposits were made for these processes.

(ii) It mainly includes amounts related to social security contributions levied on income, pursuant to art. 22a of Law 8.212/91, whose constitutionality is being challenged in court. Judicial deposits have been made for the corresponding amounts.

(iii) A considerable portion of the amount accrued as ICMS was paid in cash under the provisions of Decree Nº 58,811 issued on December 27, 2012, which established the State of São Paulo Special Installment Program of ICMS (a.k.a. PEP-ICMS). The amounts that have been provisioned refer to tax assessments by the tax authorities related to several types of ICMS credits. Amongst them: (a) assessment notice related to ICMS payments in the purchase of raw materials which are considered for "use and consumption", therefore, not eligible for compensation, (b) Assessment, as solidary debtor, for disregarding withholding obligations of ICMS taxes in relation to a tolling agreement, arising from an agricultural partnership signed between the Company‟s sugarcane plants and Central Paulista Ltda. Açúcar and Álcool.

b. Civil and labor

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

The Company and its subsidiaries are parties to labor claims filed by former employees and employees of service providers who question, among others, payment of overtime, night and dangerous, job reinstatement, compensation for accidents at work and back discounts made in payroll, such as confederal contributions, union dues and other.

Contingencies - Lawsuits considered as possible losses therefore not provided

a. Tax

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

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
ICMS- state VAT (i)	1,348,914	1,252,291	1,678,491	1,572,934
Federal income taxes (iii)	323,929	296,356	820,972	750,500
PIS and COFINS - revenue taxes(vi)	708,141	609,154	733,799	680,065
IRRF - Whithholding tax(ii)	2,551	1,161	729,070	656,087
INSS - social security(iv)	541,700	500,126	577,686	529,763
IPI - Excise tax (v)	423,246	385,306	484,606	441,707
Compensation with IPI - IN 67/98 (vii)	123,522	118,865	123,522	118,865
Other	524,031	471,326	768,728	632,090
	3,996,034	**3,634,585**	**5,916,874**	**5,382,011**

(i) State VAT: Refers mainly to (i) Tax assessments filed against the Company for unpaid ICMS and non- compliance with accessory obligations, in connection with the partnership and manufacturing upon demand, with Central Paulista Açúcar e Álcool Ltda., between May to December 2006 and May to December 2007, (ii) ICMS levied on the remittances for the export of crystallized sugar, which the Company understands are tax exempted. However, the tax authorities, classify crystallized sugar as a semi-finished product therefore, subject to ICMS taxation and (iii) Penalties related to the withholding of ICMS taxes on the sale of ethanol to customers residing in other states, (iv) ICMS withholdings rate differences on the sale of ethanol to companies located in other states, which subsequently had their tax registrations revoked, and (v) disallowance of ICMS tax credits in the sale of diesel fuel to customers engaged in the agroindustrial business. The State Tax Administration understands that because the diesel fuel sold is for agricultural use, which is not Company˝s core business, ICMS cannot be compensated and (e) ICMS payments on inventory differences arising from erroneous calculations by the State Tax Administration; e (f) requirement of ICMS due to disallowance of credits originating goods of takeovers that after the operations, had their registrations revoked. It turns out that the state tax authorities, despite the company's good faith proven, dismissed the existing evidence and declared retroactively, the unsuitability of the corresponding invoices, contrary to the Supreme Court Precedent 509.

(ii) IRRF: In June 2013, the Company received an assessment notice issued for the payment of income tax withheld at source (in Portuguese "IRRF") in the amount of R$ 833,851. It was allocated to the Company's liability for the IRRF, as the tax payer, due to a result of an alleged capital gain arising from the acquisition of assets of companies located abroad. Company is challenging this tax assessment at the administrative level and, together with its legal advisors classified the chances of loss as possible the amount of R$ 617,995. But the amount of R$ 216,855 on the part of the fine, is classified as remote

(iii) In December 2011, the Company received an assessment notice claiming unpaid income and social contribution taxes for the period from 2006 to 2009, for an amount of R$ 446.444 (mar/14). Such claim is based on the following: (i) tax benefits that arose from the deduction of goodwill amortization, (ii) the offsetting of tax carry forwards and (iii) taxes on revaluation differences of the property, plant and equipment. The Company filed its defense in January 2012 and has classified any potential loss as possible, consistent with the opinion of its legal advisors. The Company quantified such possible loss in the amount of R$ 221.780. (b) In June 2013, the Company received an assessment notice claiming unpaid income and social contribution taxes for the period from 2009 to 2011, for an amount of R$ 401.904, corresponding to the deduction of goodwill amortization. The Company challenged this assessment and has classified any potential loss as possible, consistent with the opinion of its legal advisors. The Company has quantified any possible loss in the amount of R$ 291.724 and a remote loss in the amount of R$ 110.180 in relation to the payment of fines.

(iv) The possible lawsuits related to INSS essentially involve: (a) The question of the legality and constitutionality of Instruction MPS / SRP No. 03 of 2005, which restricted the constitutional immunity of social security contributions on income from exports exclusively to direct sales, through to tax exports made through trading companies or trading companies; (B) contribution requirement under SENAR (National Rural Education Service) in direct and indirect export operations in the tax authority understands that no constitutional right to immunity; (C) contribution payment requirement security on retail goods in the internal market and for third parties, which are not included in the computation of the pension contribution tax basis, which focuses only on the gross revenue from the actual production of the property and not the goods.

(v) The IPI for contingencies are related mainly to the SRF Normative Instruction No. 67/98, by which was co- validated the procedure adopted by industrial establishments which outputs without launching and recovery of IPI, related to transactions with sugar sugarcane demerara type, superior crystal, special glass, extra special crystal and refined granulated, practiced in the period from 6 July 1995 to 16 November 1997 and refined sugar amorphous type, between 14 January 1992 to November 16, 1997.

(vi) Lawsuits related to PIS and COFINS classified as possible are related mainly to the disallowance of PIS and COFINS the non-cumulative system provided for in Law 10,637/2002 and 10,833/2003, respectively. These glosses arise, in summary, the restrictive interpretation of the tax authorities concept of "inputs" as well as differences concerning the interpretation of those laws. Such questions are still at the administrative level. There are also questions concerning the unconstitutionality of the expansion of the PIS/COFINS tax base conveyed by Law 9,718/98. Worth noting that the Supreme Court has already pacified this question, judging unconstitutional such exaction.

(vii) Compensation by IPI credit - IN 67/98. SRF Normative Instruction No. 67/98 brought the possibility of the return of IPI amounts paid in the period from January 14, 1992 to November 16, 1997, on the refined sugar amorphous type. Therefore, the Company for the periods that payments had been made, pleaded to offset these amounts against other taxes due. However, requests for restitution and compensation, were rejected by the Federal Revenue Service, giving rise to questions at the administrative level.

b. Civil and labor

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Civil	522,973	392,870	1,132,962	1,100,612
Labor	368,506	326,298	398,242	347,615
	891,479	**719,168**	**1,531,204**	**1,448,227**

Receivables from legal proceedings

The Company recognized a gain of R$ 69,951 in December 2013 and R$ 318,358 in 2007, corresponding to a lawsuit filed against the Federal Government, claiming indemnification for the pricing of products, at the time when the industry was subject to government price control. Final judgment was passed in favor of the Company. A gain was recognized in profit or loss of the corresponding year, with a corresponding receivable in “Other non-current assets”.

According to recent court decisions during the year it was recognized the amount of R$ 290,180 (net lawyer fees) related to another action described in “Other operating income (expense), net”, Note 33.

At December 31, 2015, the asset recorded for the indemnity lawsuit and corresponding provision for legal fees totaled R$ 830,461 and R$ 113,944 (R$ 460,103 and R$ 56,581 as at December 31, 2014), recorded in "other assets" and "other liabilities" respectively. The fair value of the asset is equivalent to the carrying amount.

23 Preferred non-controlling interests payable

Cosan transferred all its common shares issued by Raízen Energia S.A. and Raízen Combustíveis S.A. and debts, net of cash, totaling nearly R$1,979,519, represented by debentures and a working capital facility, to its subsidiary Cosan Investimentos e Participações S.A..

On June 27, 2014, Cosan executed an Investment and Other Terms Agreement with Fundo de Investimentos em Participações Multisetorial Plus II ("FIP Multisetorial Plus II"), and with Razac Fundo de Investimentos em Participações ("FIP Razac"). Therewith, FIP Multisetorial and FIP Razac subscribed non-voting preferred shares issued by Cosan Investimentos e Participações S.A. for the amount of R$2,000,000, retad to financial liabilities (put option) in these financial statements.

The financial liability shall be measured taking into account the "outstanding balance" the value of the initial investment plus the financial update deducted from dividends paid (also updated). The Company has the obligation to make payment to the Investors if the updated value of the contribution is not paid until 2021.

24 Shareholders´ equity

a. Common stock

The authorized common stock may be increased up to the limit of R$ 6,000,000, regardless of statutory, by resolution of the Board of Directors, who have the power to fix the number of shares to be issued, the issue price and other conditions of subscription and payment of shares within the authorized capital.

Subscribed and fully paid capital as of December 31, 2015 and December 31, 2014 is represented by 407,214,353 common shares, without par value.

On April 30, 2015 was approved by the general meeting minutes, the capital increase of R$ 190,494 without issuing new shares, through the part of the existing balance conversion in the statutory reserve account.

b. Statutory reserve

The Statutory reserve aims to strengthen the working capital to finance the maintenance, expansion and development of the activities that make up the objects of the Company and / or its subsidiaries.

This special reserve shall be composed of up to 75% of net income for each period performed after the other profit reserves and up to the limit of 100% of the common stock.

c. Dividends

Dividends as well as the allocation of net income for the year will be deliberations objects at the next Annual General Meeting to be held until April 30, 2016.

	December 31, 2015
Profit for the year	666,584
Legal reserve - 5%	(33,329)
Calculation basis for dividend distribution	633,255
Minimum mandatory dividends - 25%	(158,314)
Retained Earnings	474,941
Movement dividends payable December 31, 2014	12,437
Dividend end of previous year	125,001
Interim dividend current year	158,314
Dividends paid	(272,330)
December 31, 2015	**23,422**

d. Unrealized profit reserver

The Unrealized Profit Reserve was established in the year ended March 31, 2012 when the amount of the mandatory dividend, calculated under art. 202 of Law no. 6.404/76, as amended, exceeds the realized portion of net income, which was obtained by the net income for that year reduced by the (i) net profit of equity and (ii) the profits, income or net gain on operations assets and liabilities at market value, the period of realization will occur in the next financial year.

e. Share repurchase program

On June 11, 2013, the Board of Directors approved the repurchase of shares of the Company to be held in treasury, canceled or sold. The deadline for completion of the transaction is 365 days and the maximum shares that can be repurchased in the period was 4,600,000 common shares (representing 1.129626% of the total number of shares).

Until the period ended at December 31, 2015 there was no repurchase share.

In December 31, 2015, the Company had 1,357,539 treasury shares, whose market price was R$ 25.20 (R$ 28.85 on December 31, 2015).

f. Other comprehensive income

		Comprehensive income			
	December 31, 2014	**Base**	**Deferred taxes**	**Net**	**December 31, 2015**
Foreign currency translation differences - equity - accounted investee	(23,593)	(56,785)	-	(56,785)	(80,378)
Gain (loss) on cash flow hedge	(10,686)	(224,875)	(330)	(225,205)	(235,891)
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	-	-	190,735
Defined benefit plan actuarial gain (losses)	23,467	28,895	9,824	(19,071)	4,396
Loss in the initial measurement of derivative financial instrument	-	(91,867)	31,236	(60,631)	(60,631)
Available for sale financial assets from securities	22,572	12,374	(4,207)	8,167	30,739
Total	**202,495**	**(390,048)**	**36,523**	**(353,525)**	**(151,030)**
Attributable to: Owner of the Cosan	175,298			(359,989)	(184,691)
Non-controlling interests	27,197			6,464	33,661

		Comprehensive income			
	December 31, 2013	**Base**	**Deferred taxes**	**Net**	**December 31, 2014**
Foreign currency translation differences - equity - accounted investee	(240)	(23,353)	-	(23,353)	(23,593)
Gain (loss) on cash flow hedge	43,385	(54,071)	-	(54,071)	(10,686)
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	-	-	190,735
Defined benefit plan actuarial gain (losses)	(7,546)	46,989	(15,976)	31,013	23,467
Available for sale financial assets from securities	16,126	9,767	(3,321)	6,446	22,572
Total	**242,460**	**(20,668)**	**(19,297)**	**(39,965)**	**202,495**
Attributable to: Owner of the Cosan	221,351			(46,053)	175,298
Non-controlling interests	21,109			6,088	27,197

25 Earning per share

The calculation of basic earnings per share was done by dividing the profit attributable to owners of the parent by the weighted average number of common shares outstanding during the year excluding ordinary shares purchased by the Company and held as treasury shares (note 24).

The calculation of diluted earnings per share was done by dividing the profit attributable to owners of the Company, adjusted to assume conversion of all dilutive potential ordinary shares controlled by the weighted average number of shares outstanding during the year, excluding shares common shares purchased by the Company and held as treasury shares (note 24). The Company's subsidiaries have two categories of dilution effects: stock options and put options. For stock options, a calculation is made to determine the effect of dilution on the profit attributable to owners of the Company due to the exercise of stock options of subsidiaries. For the put option, it is assumed to have been converted into common shares, and the profit attributable to owners of the Company is set.

The following table sets forth the calculation of earnings per share for the years ended December 31, 2015 and 2014 (in thousands, except per share amounts):

	December 31, 2015	December 31, 2014
Profit attributable to ordinary equity holders for basic earnings	666,584	222,581
Profit from discontinued operation equity holders for basic earnings	-	69,442
Profit attributable to ordinary equity holders adjusted for the effect of basic	**666,584**	**292,023**
Effect of dilution:		
Put option	(12,160)	-
Profit attributable to ordinary equity holders adjusted for the effect of dilution	**654,424**	**292,023**
Weighted average holders adjusted for the effect of dilution	**405,856,814**	**405,856,814**
Effect of dilution:	364,204	2,138,375
Stock option	10,833,264	-
Put option		
Weighted average number of shares outstanding - diluted	**417,054,281**	**407,995,189**
Basic earnings per share	R$1.64	R$0.55
Continued operations	-	R$0.17
Discontinued operations		
Diluted earnings per share		
Continued operations	R$1.57	R$0.55
Discontinued operations	-	R$0.17

26 Net sales

	Consolidated	
	December 31, 2015	**December 31, 2014**
Gross revenue from sales of products and services	10,123,667	9,702,961
Construction revenue	408,086	481,314
Indirect taxes and deductions	(2,079,852)	(2,037,412)
Net revenue	**8,451,901**	**8,146,863**

27 Expenses by nature

The expenses are presented in the statement of profit and loss by function. The reconciliation of income by nature/purpose for the year ended December 31, 2015, and December 31, 2014 are as follows:

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Raw materials	-	-	(5,861,537)	(4,732,046)
Employee benefit expense	(96,573)	(94,136)	(540,989)	(1,193,814)
Commercial expenses	-	-	(65,096)	(60,906)
Transportation expenses	-	-	(279,393)	(480,517)
Depreciation and amortization (b)	(4,036)	(2,917)	(513,199)	(564,952)
Other expenses	(25,620)	(17,863)	(175,351)	(214,129)
	(126,229)	**(114,916)**	**(7,435,565)**	**(7,246,364)**
Cost of sales	**-**	-	(5,923,321)	(5,803,359)
Selling	**-**	-	(919,168)	(881,543)
General and administrative (a)	(126,229)	(114,916)	(593,076)	(561,462)
	(126,229)	**(114,916)**	**(7,435,565)**	**(7,246,364)**

(a) Research and development expenses for the year was R$821 (for December 31, 2014 year was R$4,969);

(b) Not include R$16,600 presented as a deduction of net revenue (R$16,913 on December 31, 2014);

28 Financial results

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Cost of gross debt	-	-	-	-
Interest on debt	(20,997)	(73,393)	(599,818)	(657,516)
Monetary and exchange rate variation about debt	(124,978)	(347,649)	(1,511,088)	48,482
Guarantees and warranties about split	-	-	(23,708)	(21,310)
Derivatives	1,240,116	117,762	1,122,351	169,374
	1,094,141	**(303,280)**	**(1,012,263)**	**(460,970)**
Cash investment income	33,282	13,381	240,882	109,806
	33,282	**13,381**	**240,882**	**109,806**
Cost of debt, net	**1,127,423**	**(289,899)**	**(771,381)**	**(351,164)**
Other charges and monetary variations				
Interest on other receivables	54,870	36,300	120,806	82,445
Interest on other liabilities	(321,615)	(155,234)	(468,883)	(136,169)
Banking expenses	(13,587)	(47,120)	(50,123)	(89,240)
Exchange variation except debt	(1,588,536)	(127,548)	41,427	(451,761)
Other	-	(934)	-	-
	(1,868,868)	**(294,536)**	**(356,773)**	**(594,725)**
Financial results, net	**(741,445)**	**(584,435)**	**(1,128,154)**	**(945,889**
	-	**-**	**-**	**-**
Financial expenses	(589,532)	(471,472)	(1,387,864)	(973,853)
Financial income	226,167	140,533	423,699	184,190
Exchange variation	(1,618,196)	(391,858)	(623,164)	(318,984)
Derivatives	1,240,116	138,362	459,175	162,758
Financial results, net	**(741,445)**	**(584,435)**	**(1,128,154)**	**(945,889)**

29 Other income (expense), net

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Gain on compensation claims	345,193	-	345,193	-
Gain on REFIS liability payment	36,377	28,440	36,377	28,440
Recovery taxes program	29,870	23,380	29,870	23,380
Profit on disposal of non-current assets	-	-	(6,136)	(10,835)
Changes in the fair value of investment properties	-	-	51,073	131,697
Provisions for legal proceedings	(51,223)	(73,292)	(59,590)	(83,061)
Costs to operation transactions (i)	(141,988)	(115,489)	(141,988)	(115,489)
Other	(8,700)	45,430	(14,040)	15,373
	209,529	**(91,531)**	**240,759**	**(10,495)**

(i) Relates to costs incurred by the Company with lawyers, consultants, business advisors and other related services for certain internal reorganizations and prospective acquisitions.

30 Discontinued operations

On October 1, 2014 in the Extraordinary General Meeting (EGM) it was considered and approved the partial spin-off and merger of the spun-off portion into Cosan Logística S.A, which corresponds to the Company's logistics operations.

Due to the partial spin-off, all of the shares issued by Cosan Logística S.A, previously held by the Company, were canceled and subsequently 405,856,814 new Cosan Logística S.A's shares were issued to the shareholders of Company in the proportion of 1:1. Shares of Cosan Logistics were admitted to trading on the Novo Mercado da BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros ("BM&FBovespa") on October 6, 2014. Consequently the Company's equity was R$ 975,854, considering the changes set forth in item 4.4 of the Protocol and Justification of Partial Spin-Off of Cosan S.A Indústria e Comércio and the merger of the spun-off portion into Cosan Logística S.A.

The Company was also a party to an agreement with the minority shareholders of Rumo, whose additive had effective as of the incorporation of shares of ALL - América Latina Logística S.A. by Rumo, which provides a right of old shares replacements controlled by number of shares to be issued by the Company and Cosan Logística. Upon completion of the aforementioned transaction, the Company began to recognize a derivative financial instrument in the amount of R$ 147,244 (December 31, 2015) presented in the line "Other accounts payable" in non-current liabilities.

31 Financial instruments Financial risk management Overview

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

- Credit risk;
- Liquidity risk; and

- Market risk.

This note presents information about the exposure of the Company and its subsidiaries to the above risks, as well as the objectives of the Company's risk management policies, these policy and processes for the assessment and management of risks.

The carrying amount of financial assets and financial liabilities are as follows:

	December 31, 2015	December 31, 2014
Assets		
Fair value through profit or loss		
Exclusive funds	2,213,630	434,784
Investment securities	241,430	149,735
Derivate financial instruments	2,292,859	880,366
	4,747,919	**1,464,885**
Loans and receivables		
Cash and cash equivalents	915,900	1,105,408
Trade receivables	799,307	856,723
Receivables from related parties	307,944	263,914
Dividends receivable	11,321	36,130
Other trade receivables	-	440,180
	2,034,472	**2,702,355**
Total	**6,782,391**	**4,167,240**
Liabilities		
Liabilities amortized cost		
Loans, borrowings and debentures	5,353,958	4,144,119
Trade payables	1,544,822	971,170
Payables to related parties	114,559	122,449
Contingent consideration	137,682	186,649
Dividends payable	50,333	20,347
Tax installments - REFIS	30,789	523,802
Preferred shareholders payable in subsidiaries	2,042,878	1,926,888
Fair value through profit or loss	**9,275,021**	**7,895,424**
Loans, borrowings and debentures	4,401,745	3,253,483
Pension and post-employment benefits	344,334	301,764
Derivative financial instruments	740,718	333,435
Other liabilities	147,224	-
	5,634,021	**3,888,682**
	14,909,042	**11,784,106**

During the year there was no reclassification between categories presented above.

Risk management structure

The management has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company’s risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The management, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The usage of financial instruments in order to protect against these areas of volatility is determined through an analysis of the risk exposure that management intends to cover.

As at December 31, 2015 and 2014, the fair values relating to transactions involving derivative financial instruments to protect the Company's risk exposure were using observable inputs such as quoted prices in active markets, or discounted cash flows based on market curves, and are presented below:

	Notional		Fair value	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Exchange rate derivatives				
Swap agreements	-	828,442	-	330,097
Forward agreements	2,058,190	178,127	46,200	21,250
Options	-	2,202,425	-	(8,842)
	2,058,190	3,208,994	46,200	342,505
Interest rate and exchange rate risk				
Swap agreements (interest rate)	900,634	221,560	(69,964)	(40,328)
Cross currency interest rate swaps	3,889,822	1,540,529	1,575,905	244,754
	4,790,456	1,762,089	1,505,941	204,426
Total financial instruments hired by Company			**1,552,141**	**546,931**
Assets			**2,292,859**	**880,366**
Liabilities			**(740,718)**	**(333,435)**

Credit risk

	December 31, 2015	December 31, 2014
Cash and cash equivalents(i)	3,129,530	1,540,192
Trade receivables(ii)	799,307	856,723
Derivative financial instruments(iii)	2,292,859	880,366
Other trade receivables	-	440,180
Investment securities	241,430	149,735
Dividends receivable	11,321	36,130
	6,474,447	**3,903,326**

(i) The Company held cash and cash equivalents of R$ 3,129,530 at December 31, 2015 (2014: R$ 1,540,192). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA to AAA.

(ii) Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The requirement for an impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Management considers that the credit risk is covered by the allowance for doubtful accounts.

(iii) Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 17. The Company's maximum exposure for financial guarantees and financial derivative instruments are as below.

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

	December 31, 2015	December 31, 2014
AAA	1,116,836	957,175
AA	3,701,377	461,675
A	297,671	-
BBB	542,706	-
	5,658,590	**1,418,850**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

	December 31, 2015					December 31, 2014
	Up to 1 year	1 - 2 years	3 - 5 years	Over than 5 years	Total	Total
Loans, borrowings and debentures	(1,657,486)	(1,218,206)	(6,918,556)	(8,142,124)	(17,936,372)	(10,688,457)
Trade payables	(1,544,822)	-	-	-	(1,544,822)	(971,170)
REFIS	(6,405)	(5,803)	(9,818)	(12,477)	(34,503)	(523,802)
	(3,208,713)	**(1,224,009)**	**(6,928,374)**	**(8,154,601)**	**(19,515,697)**	**(12,183,429)**

Market risk

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

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

a. Foreign exchange risk

As at December 31, 2015 and 2014, the Company and its subsidiaries had the following net exposure to the exchange rate variations on assets and liabilities denominated in Brazilian Reais:

	December 31, 2015	December 31, 2014
Cash and cash equivalents	123,038	74,830
Trade receivables	16,112	20,615
Loans, borrowings and debentures	(5,894,172)	(4,150,856)
Contingent consideration	(65,064)	(47,340)
Derivative financial instruments (notional)	5,959,411	4,064,869
Foreign exchange exposure, net	**139,325**	**(37,882)**

Sensitivity analysis on changes in foreign exchange rates:

The probable scenario was defined based on the U.S. Dollar market rates as at December 31, 2015, which determines the fair values of the derivatives at that date. Stressed scenarios (positive and negative effects, before tax effects) were defined based on changes of a 25% and 50% to the U.S. Dollar exchange rates used in the probable scenario.

Based on the financial instruments denominated in U.S. Dollars at December 31, 2015 the Company performed a sensitivity analysis by increasing and decreasing the exchange rate for R$/US$ by 25% and 50%. The probable scenario considers the estimated exchange rates at the due date of the transactions for the companies with functional currency Real (positive and negative, before tax effects), as follows:

	Exchange rate sensitivity analysis (R$/US$)				
		Scenario			
	December 31, 2015	25%	50%	-25%	-50%
At December 31, 2015	3.9048	4.8810	5.8572	2.9286	1.9524

Considering the above scenario the profit or loss would be impacted as follows:

			Variation scenario			
Instrument	**Risk factor**	**Balance**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	USD fluctuation	123,038	30,760	61,519	(30,760)	(61,519)
Trade receivables	USD fluctuation	16,112	4,028	8,056	(4,028)	(8,056)
Exchange rate derivatives (notional)	USD fluctuation	2,041,913	520,585	1,041,169	(520,585)	(1,041,169)
Exchange rate and interest derivatives (notional)(i)	USD and CDI fluctuation	3,917,499	1,014,516	2,029,032	(1,014,516)	(2,029,032)
Loans, borrowings and debentures	USD fluctuation	(5,894,172)	(1,473,543)	(2,947,086)	1,473,543	2,947,086
Contingent consideration	USD fluctuation	(65,064)	(16,266)	(32,532)	16,266	32,532
Impacts on profit or loss		**139,326**	**80,080**	**160,158**	**(80,080)**	**(160,158)**

(i) For sensitivity analysis, it is only considered exchange rate swaps for Notional.

b. Interest rate risk

The Company and its subsidiaries monitor the fluctuations in variable interest rates in connection with its borrowings, especially those that accrue interest using LIBOR, and uses derivative instruments in order to minimize variable interest rate fluctuation risks.

Sensitivity analysis on changes in interest rates:

A sensitivity analysis on the interest rates on loans and borrowings in compensation for the CDI investments with pre-tax increases and decreases of 25% and 50% is presented below:

	December 31, 2015				
Exposure interest rate(i)	**Nominal amount**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	419,313	104,828	209,657	(104,828)	(209,657)
Investment securities	33,399	8,350	16,699	(8,350)	(16,699)
Interest rate derivatives	69,964	39,468	63,132	(29,767)	(80,833
Loans, borrowings and debentures	(859,010)	(214,752)	(429,505)	214,752	429,505
Impacts on profit or loss	**(336,334)**	**(62,106)**	**(140,017)**	**71,807**	**122,316**

(i) The CDI and TJLP indexes considered of 14.14% and 7.00%, respectively, were obtained from information available in the market

Financial instruments fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The cash and cash equivalents, accounts receivable, trade receivables, trade payables and other current liabilities approximate their carrying amount largely due to the short-term maturity of these instruments.

- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- The market value of the Senior Notes Due 2018 and 2023 listed on the Luxembourg Stock Exchange (Note 17) is based on their quoted market price as of December 31, 2015, of 78.71% (88.74% on December 31, 2014) and 83.83% (99.38% at December 31, 2014), respectively, of the face nominal value at December 31, 2015.

- The fair value of Perpetual Notes listed on the Luxembourg Stock Exchange (Note 17) is based on their quoted market price as December 31, 2015 of 79.64% (101% at December 31, 2014) of the face value of obligations at December 31, 2015.

- The fair value of other loans and financing, the respective market values substantially approximate the amounts recorded due to the fact that these financial instruments are subject to variable interest rates (Note 17).

- The fair values of the remaining of assets held for sale are derived from quoted market prices in active markets.

  The Company and its subsidiaries enter into derivative financial instruments with various counterparties. Derivatives valued using valuation techniques with observable market data refer mainly to interest rate swaps and foreign exchange forward contracts. The fair value of derivative financial instruments is determined using valuation techniques and observable market data. The valuation techniques applied more often include pricing models and swaps contracts, with a present value calculation. The models consider various data, including counterparty credit quality, spot exchange rates, forward curves of interest rates and curves of the commodity term rates.

The carrying amounts and fair value of financial assets and financial liabilities are as follows:

	Carrying amount		Assets and liabilities measured at fair value			
			December 31, 2015		December 31, 2014	
	December 31, 2015	December 31, 2014	Level 1	Level 2	Level 1	Level 2
Exclusive funds	2,213,630	434,784	-	2,213,630	-	434,784
Investment securities	241,430	149,735	-	241,430	-	149,735
Derivate financial instruments	2,292,859	880,366	-	2,292,859	-	880,366
Total	**4,747,919**	**1,464,885**	**-**	**4,747,919**	**-**	**1,464,885**
Liabilities						
Loans, borrowings and debentures	(4,401,745)	(3,253,483)	-	(4,401,745)	-	(3,253,483)
Pension and post-employment benefits	(344,334)	(301,764)	-	(344,334)	-	(301,764)
Derivative financial instruments	(740,718)	(333,435)	-	(740,718)	-	(333,435)
Other liabilities	(147,224)	-	-	(147,224)	-	-
Total	**(5,634,021)**	**(3,888,682)**	**-**	**(5,634,021)**	**-**	**(3,888,682)**

Hedge accounting - Fair value

Currently the Company has adopted the fair value hedge for some of its operations that both the hedging instruments and the hedged items are accounted for at fair value through profit or loss. Operations and accounting effects of this adoption are as follows:

	Debt	Derivative	Total
December 31, 2014	1,827,251	(183,086)	1,644,165
Interest amortization	(113,855)	(83,997)	(197,852)
Fair value	809,376	(555,503)	253,873
December 31, 2015	**2,522,772**	**(822,586)**	**1,700,186**

Capital management

The Company's policy is to maintain a robust capital base to promote the confidence of investors, creditors and the market, and to ensure the future development of the business. Management monitors that the return on capital is adequate for each of its businesses.

32 Post-employment benefits

	December 31, 2015	December 31, 2014
Futura	48,414	23,048
Futura II	222	154
COMGÁS	295,698	278,562
	344,334	**301,764**

Pension plan

Defined contribution

The Company provides defined contribution plans to all employees. The plan assets are held Futura plan (Futura II - Supplementary Pension Entity) and COMGÁS Pension Plan - PLAC. The Company and its subsidiaries does not have a legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all of the benefits owed.

During the year ended December 31, 2015, an actuarial loss of R$ 121 (R$ 382 on December 31, 2014).

Actuarial liabilities

Defined benefit

Defined benefit plan paid off, whose active participants have a paid-up benefit calculated in accordance with the regulation, which is being updated to the date of receipt by the plan of readjustment index, which leads the company to adopt such a provision the present value of benefits and that assisted participants receive annuity under the plan. The main actuarial risks are:

(i) higher survival to that specified in mortality tables;

(ii) the return on equity under the actuarial discount rate plus the accumulated IGP-DI; and

(iii) real family structure of different retirees established hypothesis.

The Company contributes to the following post-employment defined benefit plans:

- *Futura*

  The subsidiary CLE sponsors the Futura - Supplementary Pension Entity ("Futura"), formerly Previd Exxon - Private Pension Entity, which has the main objective supplemental benefits, within certain limits established in the regulations of the Retirement Plan. This plan was amended to close it to new entrants and approved by the relevant authorities on May 5, 2011. During the year ended December 31, 2015, the amounts of contributions totaled R$ 7,499 (R$ 8,757 for the year ended December 31, 2014). The weighted average duration of obligation is 11.09 years.

- *COMGÁS*

  Obligations relating to plans for post-employment benefits, which include health care, pension for death, incapability assistance and lifetime medical care.

  The defined benefit pension plan is governed by the employment laws of the Brazil, which require final salary payments to be adjusted for the consumer price index upon payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age. During the year ended December 31, 2015, the amounts of contributions totaled R$ 16,250 (R$ 14,672 for the year ended December 31, 2014). The weighted average duration of obligation is 12.2 years.

Details of the present value of the defined benefit obligation and the fair value of plan assets are as follows:

	December 31, 2015	December 31, 2014
Actuarial obligation at beginning of the year	639,622	622,546
Current service cost	247	264
Interest expense	76,009	73,841
Actuarial (gain) loss arising from financial assumptions	(56,544)	3,879
Actuarial (gain) loss arising from experience adjustment	38,207	(21,173)
Benefits payment	(43,211)	(39,736)
Actuarial obligation at the end of the year	**654,330**	**639,621**
Fair value of plan assets at beginning of the year	(334,330)	(281,142)
Interest income	(38,770)	(33,317)
Earnings on assets greater than discount rate	(7,387)	(36,178)
Contributions paid	(7,499)	(8,757)
Benefit payments	26,961	25,063
Fair value of plan assets end of the year	**(361,025)**	**(334,331)**
Superplus (deficit) for the year	**293,304**	**305,291**
Asset Ceiling effect	51,176	-
Net liabilitiy from defined benefit	**344,480**	**305,291**

Total expense recognized in profit or loss is as follow:

	December 31, 2015	December 31, 2014
Current service cost	(247)	(264)
Interest expense	(37,239)	(40,524)
	(37,486)	**(40,788)**

Total amount recognized as accumulated other comprehensive income:

	December 31, 2015	December 31, 2014
Actuarial (gain) loss arising from financial assumptions	56,544	(10,362)
Actuarial (gain) loss arising from experience adjustment	(38,207)	21,173
Earnings on assets greater than discount rate	7,388	36,178
Irrecoverable surplus change	(51,176)	-
Accumulated at the end of the year	**(25,451)**	**46,989**

Plan assets are comprised of the following:

	December 31, 2015		December 31, 2014	
	Amount	**%**	**Amount**	**%**
Fixed income bonds	296,402	82.10	269,170	80.51
Variable-income securities	33,900	9.39	65,161	19.49
Other	30,723	8.51	-	-
	361,026	**100.00**	**334,331**	**100.00**

Plan assets are comprised of financial assets with quoted prices in active markets and therefore are classified as Level 1 and Level 2 in the valuation hierarchy of fair value. The overall expected rate of return on plan assets is determined based on prevailing market expectations on that date, applicable to the period over which the obligation is to be settled.

The main assumptions used to determine the benefit obligations of the Company are as follows:

	Futura		COMGÁS	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Discount rate	12.98%	11.92%	14.14%	12.78%
Inflation rate	5.30%	5.20%	6.50%	6.00%
Future salary increases	N/A	N/A	9.69%	9.18%
Future pension plans increases	5.30	5.20%	6.50%	6.00%

The Company expects to make contributions for an amount of R$ 47,731 in relation to its defined benefit plan and variable contribution plan in 2016.

Sensitivity analysis
A quantitative sensitivity analysis for significant assumption on the defined benefit obligation as at December 31, 2015 is, as shown below:

	Discount rate			
	Increase		Decrease	
	1%	**0.5%**	**-1%**	**-0.5%**
Futura	(29,387)	-	34,778	-
Futura II	(16)	-	18	-
COMGÁS	-	(14,834)	-	16,225

There was no change in relation to previous years in the methods and assumptions used in preparing the sensitivity analysis.

33 Share-based payment

At the annual and extraordinary general shareholders' meeting held on July 29, 2011, the guidelines for the outlining and structuring of the stock option compensation plan for Cosan S.A.'s executives and employees was approved, authorizing the issue of up to 5% of shares comprising Cosan S.A.'s total capital. This stock option plan was created to attract and retain

executives and key employees, offering them the opportunity to become Cosan S.A.'s shareholders.

On August 18, 2011, Cosan S.A.'s board of directors approved the total number of stock option awards of 12,000,000 common shares to be issued or treasury shares held by Cosan S.A., corresponding to 2.41% of the share capital at that time. On the same date the eligible executives were informed about the terms and conditions of the stock-option plan.

As of August 18, 2011, 10,525,000 awards were granted in the two tranches described below:

- **Tranche A** - The options can be exercised after a vesting period of one year, considering a maximum percentage of 20% per annum of the total stock options granted by Cosan S.A. for an exercise period of 5 years. Exercise period ends on August 19, 2016.

- **Tranche B** - The options can be exercised after a vesting period of one year, considering a maximum percentage of 10% per annum of the total stock options granted by Cosan S.A. within an exercise period of 10 years. Exercise period ends in August 19, 2021.

- **Tranche C** - The options can be exercised after a vesting period of one year, considering a maximum percentage of 20% per annum of the total stock options granted by Cosan S.A. within an exercise period of 5 years. Exercise period ends in December 11, 2017.

According to the average market value of the shares on a 30 day period ending at issuance, the exercise price was defined to be R$22.80 per share, without any discount.

At April 24, 2013, April 25, 2014 and August 31, 2015, 970,000 options, respectively, secured from the fifth year, were granted to eligible executives:

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

				Number of instruments				
	Expected	Interest	Expected					
Share option programmes	Life (years)	Rate	Volatility	Granted	Outstanding	Market price on grant date	Exercise price at December 31, 2015	Fair value at grant date – R$ (i)
August 18, 2011 - *Tranche A*	1 to 5	12.39%	31.44%	4,825,000	2,250,000	22.98	23.79	6.80
August 18, 2011 - *Tranche B*	1 to 10	12.39%	30.32%	5,000,000	4,080,000	22.98	23.79	8.15
December 12, 2012 - *Tranche C*	1 to 5	8.78%	31.44%	700,000	652,000	39.8	40.76	10.1
April 24, 2013	5	13.35%	27.33%	970,000	970,000	46.51	46.53	17.95
April 25, 2014	5	12.43%	29.85%	960,000	960,000	37.1	38.09	15.67
August 31, 2015	5	14.18%	33.09%	759,000	759,000	18.15	20.10	7.67
				13,214,000	**9,671,000**			

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

- **Expected exercise** - The expected timeframe the Company for the exercise of the options was determined by considering the premise that executives exercise their options after the grace period.

- **Expected volatility** - Due to the new capital structure and business model after the formation of the JVs, the Company opted to use the historic volatility of their shares adjusted by volatility of competitors' shares that operate in similar lines of business.

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

- **Risk free interest rate** - the company considered the prime rate as the risk free interest rate traded at BM&FBovespa on the grant date and for the equivalent term of the option maturity.

  On December 31, 2015, R$ 11,279 (R$ 12,753 on December 31, 2014) had been recognized as an expense related to the stock option plan. The weighted average remaining contractual term for the options at December 31, 2015 was 3.1 years. The expense to be recognized in future years total R$ 22,813 at December 31, 2015.

  The changes in the plan during the period was:

	Number of options	Weighted average
December 31, 2014	**8,912,000**	**30.09**
Granted	759,000	20.10
December 31, 2015	**9,671,000**	**28.35**

Cosan S.A. Indústria e Comércio

Financial statements at December 31, 2014 and report of independent registered public accounting firm

(a free translation of the original in Portuguese)

Independent auditor's report

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

We have audited the accompanying financial statements of Cosan S.A. Indústria e Comércio ("Parent Company"), which comprise the balance sheet as at December 31, 2014 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Cosan S.A. Indústria e Comércio and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor"s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity"s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity"s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cosan S.A. Indústria e Comércio and of Cosan S.A. Indústria e Comércio and its subsidiaries as at December 31, 2014, and the parent company and consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Supplementary information - statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2014, which are the responsibility of the Company"s management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Campinas, March 18, 2015

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F"

Marcos Roberto Sponchiado
Contador CRC 1SP175536/O-5

Cosan S.A. Indústria e Comércio

Statement of financial position
December 31, 2014 and 2013
(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
	Note	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Assets					
Cash and cash equivalents	4	376,004	256,091	1,540,192	1,474,553
Securities		-	-	149,735	87,978
Trade receivables	5	-	-	822,424	844,483
Derivative financial instruments	29	6,059	-	30,069	-
Inventories	6	-	-	347,903	311,980
Receivables from related parties	9	29,413	26,799	51,387	64,535
Income tax		36,081	18,399	93,780	56,343
Taxes recoverable	7	91	70	78,516	85,334
Other financial assets	8	69,683	63,054	69,683	63,054
Dividends receivable		47,425	173,262	36,130	26,350
Other		131,748	48,025	163,480	217,927
		696,504	585,700	3,383,299	3,232,537
Asset held for sale	12	-	-	25,089	314,104
Total Current assets		**696,504**	**585,700**	**3,408,388**	**3,546,641**
Trade receivables	5	-	-	34,299	238,460
Deferred tax assets	18	-	-	213,288	232,188
Receivables from related parties	9	210,221	508,216	212,527	504,481
Income tax		8,778	49,268	8,778	49,268
Taxes recoverable	7	-	-	17,299	18,366
Judicial deposits	19	236,239	208,612	388,714	361,554
Other financial assets	8	38,092	97,729	370,497	407,107
Derivative financial instruments	29	429,988	205,154	850,297	513,934
Other non-current asset		469,984	474,918	644,912	493,340
Equity method investments	10	11,040,183	8,355,309	130,678	103,316
Investment in joint ventures	11	2,942,384	6,325,801	8,404,502	8,498,259
Investment properties	12	-	-	2,641,978	2,281,509
Property, plant and equipment	13	26,664	28,123	351,435	1,271,910
Intangible assets	14	6,342	3,905	9,426,120	10,078,040
Total non-current assets		**15,408,875**	**16,257,035**	**23,695,324**	**25,051,732**
Total Assets		**16,105,379**	**16,842,735**	**27,103,712**	**28,598,373**

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

Cosan S.A. Indústria e Comércio

Statement of financial position
December 31, 2014 and 2013
(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Liabilities					
Loans and borrowings	15	266,006	455,673	856,334	987,596
Derivative financial instruments	29	8,843	-	13,803	48,720
Trade payables	16	2,528	1,511	971,170	862,429
Employee benefits		19,451	13,001	101,115	103,296
Income tax payable		21,134	1,955	27,626	28,143
Other taxes payable	17	200,600	81,772	300,435	199,057
Dividends payable		12,437	65,129	20,347	144,751
Payables to related parties	9	1,669,152	955,321	122,449	105,463
Other		40,633	17,363	131,930	157,802
Total current liabilities		**2,240,784**	**1,591,725**	**2,545,209**	**2,637,257**
Loans and borrowings	15	-	1,381,914	6,541,268	7,842,563
Preferred shareholders payable in subsidiaries	20	1,926,888	-	1,926,888	-
Derivative financial instruments	29	64,291	79,955	319,632	280,462
Other taxes payable	17	2,160	701,390	334,565	1,010,767
Provision for judicial demands	19	253,372	254,470	644,401	722,458
Payables to related parties	9	1,888,535	2,079,188	-	-
Pension and post-employment benefits	31	139	155	301,764	339,135
Deferred tax liabilities	18	804,311	908,712	1,542,676	1,698,622
Other		106,623	108,368	498,036	551,739
Total non-current liabilities		**5,046,319**	**5,514,152**	**12,109,230**	**12,445,746**
Total liabilities		**7,287,103**	**7,105,877**	**14,654,439**	**15,083,003**
Equity	21				
Share capital		3,632,231	4,691,822	3,632,231	4,691,822
Treasury shares		(58,694)	(104,337)	(58,694)	(104,337)
Capital reserve		950,694	856,910	950,694	856,910
Other comprehensive income		175,298	221,351	175,298	221,351
Profit reserve		4,118,747	4,071,112	4,118,747	4,071,112
Equity attributable to:					
Owners of the Company		8,818,276	9,736,858	8,818,276	9,736,858
Non-controlling interests	10	-	-	3,630,997	3,778,512
Total equity		**8,818,276**	**9,736,858**	**12,449,273**	**13,515,370**
Total equity and liabilities		**16,105,379**	**16,842,735**	**27,103,712**	**28,598,373**

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

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income
For the year ended December 31, 2014 and 2013
(In thousands of Brazilian Reais – R$, except earnings per share)

		Parent Company		Consolidated	
	Note	December 31, 2014	Nine months ended December 31, 2013 (Restated)	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Net sales	24	-	-	8,146,863	6,128,828
Cost of sales	25	-	-	(5,803,359)	(4,430,786)
Gross profit		**-**	**-**	**2,343,504**	**1,698,042**
Selling expenses	25	-	-	(881,543)	(603,965)
General and administrative expenses	25	(114,916)	(77,759)	(561,462)	(406,471)
Other income (expense), net	27	(91,531)	(22,751)	(10,495)	97,659
Operating expenses		**(206,447)**	**(100,510)**	**(1,453,500)**	**(912,777)**
Income before financial results, equity in earnings and income taxes		**(206,447)**	**(100,510)**	**890,004**	**785,265**
Equity in earnings of investees					
Equity in earnings of associates	10	630,470	333,383	3,540	5,497
Equity in earnings of jointly controlled entity	11	186,825	242,036	588,428	242,036
		817,295	**575,419**	**591,968**	**247,533**
Financial results	26				
Finance expense		(471,472)	(401,445)	(973,853)	(765,873)
Finance income		140,533	61,536	184,190	138,349
Foreign exchange losses, net		(391,858)	(396,729)	(318,984)	(324,121)
Derivatives		138,362	188,146	162,758	237,649
		(584,435)	**(548,492)**	**(945,889)**	**(713,996)**
Profit before taxes		**26,413**	**(73,583)**	**536,083**	**318,802**
Income tax (expense) benefits	18				
Current		(32,282)	(3,425)	(120,912)	(124,360)
Deferred		228,450	190,339	135,426	168,331
		196,168	**186,914**	**14,514**	**43,971**
Profit from continuing operations		**222,581**	**113,331**	**550,597**	**362,773**
Profit from discontinued operation, net of tax	28	**69,442**	**120,819**	**92,695**	**160,474**
Profit for the period		**292,023**	**234,150**	**643,292**	**523,247**

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income
For the year ended December 31, 2014 and 2013
(In thousands of Brazilian Reais – R$, except earnings per share)

Other comprehensive income					
Items that will never be reclassified to profit or loss:					
Actuarial gain on defined benefit plan		44,323	27,564	46,989	42,438
Taxes on items that will never be reclassified to profit or loss		(15,070)	(9,372)	(15,976)	(14,429)
		29,253	18,192	31,013	28,009
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences		(23,353)	(20,960)	(23,353)	(20,960)
Loss on cash flow hedge in jointly controlled entity		(54,071)	(6,425)	(54,071)	(6,425)
Changes in fair value of available for sale securities		3,209	4,076	9,767	13,755
Taxes on items that are may be reclassified to profit or loss		(1,091)	(1,386)	(3,321)	(4,677)
		(75,306)	(24,695)	(70,978)	(18,307)
Total other comprehensive income (loss), net of tax		**(46,053)**	**(6,503)**	**(39,965)**	**9,702**
Total comprehensive income		**245,970**	**227,647**	**603,327**	**532,949**
Total net income attributable to:					
Owners of the Company (including discontinued operations)		292,023	234,150	292,023	234,150
Non-controlling interests		-	-	351,269	289,097
Total comprehensive income attributable to:					
Owners of the Company		245,970	227,647	245,970	227,647
Non-controlling interests		-	-	357,357	305,302
Earning per share					
Continued operations	22	0.55	0.28		
Discontinued operations		0.17	0.30		
		0.72	**0.58**		
Earning per share					
Continued operations	22	0.55	0.28		
Discontinued operations		0.17	0.30		
		0.72	**0.58**		

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder‟ equity
For the year ended December 31, 2014 and 2013
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

			Capital Reserve		Profit Reverse				
	Common Stock	Treasury share	Others capital reserve (APIC)	Others equity components	Legal	Statutory Reserve	Unrealized Earnings	Retained Earnings	Accum Ear
April 1, 2013	**4,691,822**	**(50,899)**	**851,391**	**227,854**	**225,322**	**2,311,393**	**336,128**	**1,168,151**	
Profit for the year	-	-	-	-	-	-	-	-	23
Loss on cash flow hedge in jointly controlled entity	-	-	-	(6,425)	-	-	-	-	
Foreign currency translation effects	-	-	-	(20,960)	-	-	-	-	
Actuarial loss on defined benefit plan	-	-	-	18,192	-	-	-	-	
Change in fair value of available for sale securities	-	-	-	2,690	-	-	-	-	
Total comprehensive income for the year	-	-	-	(6,503)	-	-	-	-	23
Exercise of stock options plan	-	16,243	-	-	-	-	-	-	
Effect of distribution of dividends to non-controlling	-	-	(1,562)	-	-	-	-	-	
Reflex effect on dividends prescribed in subsidiary	-	-	486	-	-	-	-	-	
Treasury shares	-	(69,681)	-	-	-	-	-	-	
Dividends	-	-	-	-	-	(60,611)	(87,810)	-	(5
Statutory reserve	-	-	-	-	-	166,831	-	-	(16
Legal reserve	-	-	-	-	11,708	-	-	-	(1
Share based compensation	-	-	6,595	-	-	-	-	-	
Total contributions by and distributions to owners of the Cosan	-	(53,438)	5,519	-	11,708	106,220	(87,810)	-	(23
December 31, 2013	**4,691,822**	**(104,337)**	**856,910**	**221,351**	**237,030**	**2,417,613**	**248,318**	**1,168,151**	

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder‟ equity
For the year ended December 31, 2014 and 2013
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

			Capital Reserve		Profit Reverse				
	Common Stock	**Treasury share**	**Others capital reserve (APIC)**	**Others equity components**	**Legal**	**Statutory Reserve**	**Unrealized Earnings**	**Retained Earnings**	**Accu lo**
January 01, 2014	4,691,822	(104,337)	856,910	221,351	237,030	2,417,613	248,318	1,168,151	
Profit for the year	-	-	-	-	-	-	-	-	2
Loss on cash flow hedge in jointly controlled entity	-	-	-	(54,071)	-	-	-	-	
Foreign currency translation effects	-	-	-	(23,353)	-	-	-	-	
Actuarial gain on defined benefit plan	-	-	-	29,253	-	-	-	-	
Change in fair value of available for sale securities	-	-	-	2,118	-	-	-	-	
Total comprehensive income for the year	-	-	-	(46,053)	-	-	-	-	2
Exercise of stock options plan	-	45,643	-	-	-	-	-	-	
Dividends	-	-	-	-	-	(63,644)	(30,744)	-	(1
Effect of distribution of dividends to non-controlling	-	-	(1,390)	-	-	-	-	-	
Statutory reserve	-	-	-	-	-	127,422	-	-	(1
Legal reserve	-	-	-	-	14,601	-	-	-	(
Share based compensation	-	-	12,753	-	-	-	-	-	
Total contributions by and distributions to owners of the Cosan	-	45,643	11,363	-	14,601	63,778	(30,744)	-	(2
Acquisition cost of the preferred shares of subsidiaries	-	-	(1,316)	-	-	-	-	-	
Corporate Restructuring - Cosan Logística	(1,059,591)	-	83,737	-	-	-	-	-	
Total transactions with shareholders	(1,059,591)	-	82,421	-	-	-	-	-	
December 31, 2014	**3,632,231**	**(58,694)**	**950,694**	**175,298**	**251,631**	**2,481,391**	**217,574**	**1,168,151**	

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

Cosan S.A. Indústria e Comércio

Statement of cash flows
For the year ended December 31, 2014 and 2013
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Note	Parent Company		Consolidated	
		December 31, 2014	Nine months ended December 31, 2013 (Restated)	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Cash flows from operating activities					
Profit (loss) before taxes		26,413	(73,583)	536,083	318,802
Adjustments for:			-	-	-
Depreciation and amortization	13 / 14	3,399	1,840	581,857	380,189
Equity in earnings of associates	10	(630,470)	(333,383)	(3,540)	(5,497)
Equity in earnings of jointly controlled entity	11	(186,825)	(242,036)	(588,428)	(242,036)
Loss (gain) on disposals assets		-	(14,558)	9,543	6,922
Option shares granted		12,753	6,595	12,753	6,595
Change in fair value of investment property	12	-	-	(131,697)	(125,324)
Change in fair value of assets held for sale		-	-	-	-
Provision for judicial demands		35,771	83,909	49,492	80,035
Net gain recorded on early settlement of "REFIS"		(23,380)	-	(23,380)	-
Provision for Taxes Realization		(15,000)	-	(15,000)	-
Gain in the use of tax loss in Joint Venture		(30,872)	-	(34,555)	-
Indexation charges, interest and exchange gains/losses, net		557,267	557,468	989,694	788,584
Other		38,429	9,694	106,070	15,618
		(212,515)	(4,054)	1,488,892	1,223,888
Changes in:					
Trade receivables		-	-	(195,083)	(42,914)
Investment securities		-	14,276	(98,714)	(17,643)
Restricted cash		-	18,220	-	18,220
Discontinued operation		-	-	150,068	231,845
Inventories		-	-	(40,603)	(29,240)
Recoverable taxes		4,881	(26,730)	51,736	(21,711)
Related parties		(70,144)	30,780	(120,051)	(23,847)
Trade payables		1,017	(414)	215,728	19,189
Employee benefits		(9,960)	(11,552)	(57,544)	(6,342)
Provision for judicial demands		(8,190)	(97,811)	(15,788)	(102,896)
Income tax and other tax		(179,162)	(48,168)	(451,960)	(156,476)
Other assets and liabilities, net		(26,194)	(52,297)	73,567	59,149
		(287,752)	(173,696)	(488,644)	(72,666)
Net cash generated by (used in) operating activities		**(500,267)**	**(177,750)**	**1,000,248**	**1,151,222**
Cash flows from investing activities					
Acquisitions net of cash acquired		(125,791)	(50,300)	(47,259)	(79,594)
Dividends received from investees		16,741	83,883	-	-
Dividends received from jointly controlled entity		895,690	406,424	895,690	410,108
Acquisition of property, plant and equipment and intangible assets	13 / 14	(4,377)	(4,348)	(973,110)	(976,120)
Cash received from sale of discontinued operations		68,633	57,175	68,633	57,175
Redemption of shares in subsidiary		-	800,000	-	-
Proceeds from sale of property, plant and equipment, intangible and investments		-	-	1,196	65,351
Minority Subscription		2,194	-	-	-
Cash used in discontinued operations		-	-	-	-
Net cash generated by (used in) investing activities		**853,090**	**1,292,834**	**(54,850)**	**(523,080)**

Cosan S.A. Indústria e Comércio

Statement of cash flows
For the year ended December 31, 2014 and 2013
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Cash flows from financing activities				
Loans and borrowings raised	803,500	-	1,425,964	994,623
Payment of principal and interest on loans and borrowings	(498,139)	(820,495)	(1,465,549)	(1,394,518)
Acquisitions of non-controlling interest	-	-	-	-
Related parties	(187,482)	(35,050)	(1,643)	-
Derivative financial instruments	(99,352)	52,938	(71,185)	82,621
Dividends paid	(297,080)	(314,457)	(814,470)	(321,652)
Treasury shares	-	(69,659)	-	(69,659)
Proceeds from exercise of share options	45,643	16,243	45,643	16,243
Cash used in discontinued operations	-	-	-	-
Net cash used by financing activities	**(232,910)**	**(1,170,480)**	**(881,240)**	**(692,342)**
Increase (decrease) in cash and cash equivalents	**119,913**	**(55,396)**	**64,158**	**(64,200)**
Cash and cash equivalents at beginning of year	256,091	311,487	1,474,553	1,538,753
Effect of exchange rate fluctuations on cash held	-	-	1,481	-
Cash and cash equivalents at end of year	**376,004**	**256,091**	**1,540,192**	**1,474,553**
Supplemental cash flow information				
Interest paid	-	71,925	665,224	366,324
Income taxes paid	-	-	122,214	129,539

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

Cosan S.A. Indústria e Comércio

Statements of value added

For the year ended December 31, 2014 and 2013

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2014	Nine months ended December 31, 2013 (Restated)	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Revenues				
Sale of services and products, net	-	-	9,671,899	7,154,361
Other operational revenues, net	32,302	67,406	648,922	724,272
Allowance for doubtful accounts	-	-	(19,636)	(21,109)
	32,302	**67,406**	**10,301,185**	**7,857,524**
Raw materials acquired from third parties				
Cost of sales and services rendered	(90)	-	(6,247,464)	(5,157,575)
Materials, energy, third parties services, others	(183,320)	(106,650)	(1,043,092)	(380,196)
	(183,410)	**(106,650)**	**(7,290,556)**	**(5,537,771)**
Gross value added	**(151,108)**	**(39,244)**	**3,010,629**	**2,319,753**
Retention				
Depreciation and amortization	(3,399)	(1,840)	(581,857)	(380,189)
	(3,399)	**(1,840)**	**(581,857)**	**(380,189)**
Net value added	**(154,507)**	**(41,084)**	**2,428,772**	**1,939,564**
Value added received in transfer				
Equity in earnings of associates	630,470	333,383	3,540	5,497
Equity in earnings of jointly controlled entity	186,825	242,036	588,428	242,036
Financial revenue	26,916	249,682	281,540	374,297
	844,211	**825,101**	**873,508**	**621,830**
Value added to be distributed	**689,704**	**784,017**	**3,302,280**	**2,561,394**
Distribution of value added				
Salaries	57,705	42,052	381,186	271,497
Taxes and contributions	(206,056)	(173,463)	1,101,860	812,359
Financial expenses	611,352	798,174	1,227,429	1,088,786
Rentals and leasing	4,122	3,923	41,208	25,979
Non-controlling interests	-	-	328,016	249,442
Dividends	150,000	55,611	150,000	55,611
Net income from continuing operations	72,581	57,720	72,581	57,720
	689,704	**784,017**	**3,302,280**	**2,561,394**

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

Cosan S.A. Indústria e Comércio

Notes to the financial statements

For the year ended December 31, 2014 and 2013
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

1 Operations

Cosan S.A. Indústria e Comércio composed of its subsidiaries and jointly controlled entities ("Company" or "Cosan") is a publicly traded company with its shares traded on the Novo Mercado da Bolsa de Valores de São Paulo ("BM&FBOVESPA") under the ticker symbol CSAN3, and has its headquarters in the city of São Paulo, Brazil. Cosan Limited is the controlling shareholder of Cosan, in which it holds 62.51%.

The primary activities in which Cosan S.A. operates, include the following business segments: (i) Piped natural gas distribution to part of the State of São Paulo through its subsidiary Companhia de Gás de São Paulo – COMGÁS ("COMGÁS"); which is consolidated since November 2012, (ii) Purchase, sale and leasing of agricultural land through its subsidiary, Radar Propriedades Agrícolas S.A. ("Radar"); (iii) Production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian market using the Comma brand and corporate activities; and (iv) other investments, in addition to the corporate structures of Company ("Cosan‟s other business"). On October 1, 2014 the segment "Rumo" was spun-off to Cosan Logística S.A, see more details in the note 28.

The Company also holds interests in two jointly controlled entities ("Joint Ventures" or "JVs"): (i) Raízen Combustíveis S.A. ("Raízen Combustíveis"), fuel distribution business, and (ii) Raízen Energia S.A. ("Raízen Energia"), production and marketing of sugar, ethanol and energy cogeneration, produced from sugar cane bagasse. Cosan and Royal Dutch Shell ("Shell") share control of the two entities, where each owns 50% of the economic control. Up until the adoption of CPC 19 (R2) / IFRS 11 these investments were accounted for using the proportional consolidation method. Upon the adoption of CPC 19 (R2) / IFRS 11 in fiscal year ended December 31, 2013, these investments are accounted for under the equity method (comparative information was adjusted to conform to IFRS 11 presentation).

The Annual General Shareholders' Meeting held on July 31, 2013, approved a fiscal year end change from March 31st to December 31st. This change was driven by changes in the Company‟s investment portfolio, in which other businesses that do not use the harvest year (March 31) have become more significant. With this change, the Company‟s fiscal year begins January 1st, and end December 31st each year. With this change, the Company's fiscal year begins on January 1 and ends on December 31 of each year. Therefore, the comparative period is nine months ended December 31, 2013, therefore not comparable.

2 Presentation of financial statements and significant accounting policies

2.1 Basis of preparation

Statement of compliance

The individual financial statements have been prepared and presented in accordance with the accounting policies adopted in Brazil. From 2014 IFRS started to allow the application of the equity method in subsidiaries in separate financial statements, therefore the individual financial statements also comply with International Financial Reporting Standards (International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB))

The consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise the Brazilian‟s Law of Corporations, the Securities and Exchange Commission (CVM) and the pronouncements of the Accounting Pronouncements Committee (CPC), that comply with international accounting standards (IFRS) issued by the International accounting Standards Board (IASB).

The presentation of the Statement of Value Added (DVA), individual and consolidated, is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to public companies. IFRS does not require presentation of this item. As a result, under IFRS, this statement is presented as supplementary information, subject to the set of financial statements.

These consolidated financial statements were authorized for issue by the Board of Directors on March 06, 2015.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Investment property is measured at fair value; and
- Employees‟ defined benefit obligations are presented at the present value of the actuarial obligation, plus the cost of past service not recognized and net of the fair value of plan assets as explained in Note 31.

Functional and presentation currency

There financial statements, consolidated and individual, are presented in Brazilian Real, which is the Company´s functional currency. The financial statements of each subsidiary included in the consolidation of the Company and the ones used as the basis for valuation of investments by the equity method are prepared based on the functional currency of each company. For subsidiaries located abroad, their assets and liabilities were converted to Real at the year-end exchange rate and the results were calculated by the average monthly rate during the year. The effects of conversion are recorded in shareholders‟ equity of these subsidiaries.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with CPC and IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses at the end of the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Notes 13 and 14 – Property, plant and equipment and intangible assets

  The calculation of depreciation and amortization of intangible assets and property, plant and equipment is based on estimated useful lives. In addition, the determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination or arising from the formation of a Joint Venture is a significant estimate.

  The Company annually performs a review of impairment indicators for intangible assets and property, plant and equipment. Also, an impairment test is undertaken for goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The key assumptions used to determine the recoverable amount of the different cash generating units to which goodwill is allocated are explained in Note 14.

  Comgás has an agreement for the public concession of gas distribution service, in accordance to which the Conceding Authority, at the end of the concession, will hold a significant portion of the infrastructure and controls what services must be rendered and what prices will be applied. This concession agreement represents the right to charge from customers for the supply of gas during the effective period of the agreement. Therefore, the Company recognizes this right as an intangible asset.

  The amortization of intangible assets reflects the pattern expected for the utilization of the future economic benefits by the Company, which corresponds to the useful lives of the assets comprising the infrastructure consonant to the ARSESP provisions, as disclosed in Note 14.

  The amortization of the intangible assets is discontinued when the related asset is fully used or written-off, and no longer is included in the calculation basis of the tariff for the rendering of the concession services.

  The Company may request only once the extension of the distribution services for another 20 years, being subject to evaluation by the Conceding Authority. When the concession is terminated, the assets linked to the rendering of gas distribution services will be returned to the Conceding Authority, and the Company will be entitled to receive an indemnity to be determined based on assessments and evaluations considering the book values to be calculated at the time.

- Note 18 – Income taxes and social contribution

  A deferred tax asset is recognized for loss carryforwards to the extent that it is probable that future taxable income will be generated to realize such losses. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and the level of future taxable income together with future tax planning strategies.

- Other non-current asset

  The Company has recognized a receivable in relation to a lawsuit filed against the Federal Government, claiming indemnification due to price controls, which receipt is virtually certain, as the Supreme Court passed final judgment and the Federal Government is unable to appeal (Note 19).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 29 – Fair value of derivatives and other financial instruments

  When the fair value of financial assets and liabilities cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in determining fair values. Judgment is required in the determination of inputs such as liquidity risk, credit risk and volatility. Changes in these variables could affect the reported fair value of financial instruments.

- Note 31 – Pension and other post-employment benefit plans

  The cost of defined benefit pension plans and other post-employment and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves the use of various assumptions which may differ from actual results in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by management at each reporting date.

- Note 32 – Share based payments

  Cosan S.A. measures employees" share based compensation cost by reference to the fair value of the shares at the grant date. The estimation of fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the plan. This estimate also requires determining the most appropriate inputs to the valuation model including the assumption of the expected life of the stock option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

- Note 19 – Provisions for legal proceedings

  Provisions for legal proceedings resulting from business combinations are estimated at fair value.

2.2 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods.

2.2.1 Basis of consolidation

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

	December 31, 2014	December 31, 2013
Subsidiaries		
Administração de Participações Aguassanta Ltda.[1]	-	65.00
Águas da Ponte Alta S.A.	65.00	65.00
Bioinvestments Negócios e Participações S.A.	65.00	65.00
Comma Oil Chemicals	100.00	100.00
Companhia de Gás de São Paulo - COMGÁS	60.69	60.05
Cosan Biomassa S.A.	100.00	100.00
Cosan Cayman II Limited	100.00	100.00
Cosan Global Limited	100.00	100.00
Cosan Logística S.A.	-	100.00
Cosan Investimentos e Participações S.A.	100.00	100.00
Cosan Lubes Investments Limited	100.00	100.00
Cosan Lubrificantes e Especialidades S.A.	100.00	100.00
Cosan Luxembourg S.A.	100.00	100.00
Cosan Overseas Limited	100.00	100.00
Cosan Paraguay S.A.	100.00	100.00
Cosan US, Inc.	100.00	100.00
Logispot Armazéns Gerais S.A.[2]	-	38.25
Nova Agrícola Ponte Alta S.A.	29.50	29.50
Nova Amaralina S.A. Propriedades Agrícolas	29.50	29.50
Nova Santa Barbara Agrícola S.A.	29.50	29.50
Novo Rumo Logística S.A.	-	100.00
Pasadena Empreendimentos e Participações S.A.	100.00	100.00
Proud Participações S.A.	65.00	65.00
Radar II Propriedades Agrícolas S.A.	65.00	65.00
Radar Propriedades Agrícolas S.A.	29.50	29.50
Rumo Logística Operadora Multimodal S.A.	-	75.00
Terras da Ponte Alta S.A.	29.50	29.50
Vale da Ponte Alta S.A.	65.00	65.00
Zip Lube S.A	100.00	-

[1] Incorporated in March 2014;
[2] Cosan had control over this subsidiary through an interest of 51% held by Rumo.

a) Non-controlling interests

For each business combination, the Company elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree‟s identifiable net assets, which are generally at fair value.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

b) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights, direct or indirectly. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Company‟s voting rights relative to the size and dispersion of holdings of other shareholders give the Company the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date of acquisition of control, and continue to be consolidated until the date that control ceases to exist.

The financial statements of subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies.

c) Investments in associates (equity method investees)

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity.

Investments in associates are accounted for under the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The financial statements include the Company‟s share of the profit or loss and other comprehensive income of equity method investees, after adjustments to align the accounting policies with those of the Company.

When the Company‟s share of losses exceeds its interest in an equity method investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

d) Investments in jointly controlled entities (equity method investees)

The Company has interests in joint ventures, which are jointly controlled entities, whereby the ventures have a contractual arrangement that establishes joint control over the voting and economic activities of the entity. The contractual arrangements require unanimous agreement for financial and operating decisions among the ventures. The Company recognizes its interest in the joint ventures using the equity method (Note 11).

e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company"s interest in the investee. Unrealized losses are similarly eliminated, but only to the extent that there is no evidence of impairment.

2.2.2 Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the each subsidiary using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the exchange rate at that date.

Translation differences on non-monetary assets and liabilities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency translation effects are generally recognized in profit or loss. However, foreign currency translation effects arising from the translation of the following items are recognized in other comprehensive income:

- Available-for-sale equity investments (except an impairment is recognized in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss); or
- Qualifying cash flow hedges to the extent the hedge is effective.

These financial statements are presented in Brazilian Real. The results and financial position whose functional currency different from the presentation currency are translated into the presentation currency, as follows:

I. Assets and liabilities have been translated using the exchange rate at the balance sheet date;
II. Statement of profit or loss, comprehensive income and statement of cash flows using the monthly average exchange rate; and

III. Shareholders' equity has been translated using the historical exchange rate.

Translation effects have been recognized in shareholders' equity in "Cumulative translation adjustment".

b) Foreign operations

The assets and liabilities derived from foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Brazilian Reais using the exchange rates at the reporting date. Income and expenses of foreign operations are translated to Brazilian Reais using the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

c) Translation of subsidiaries and associates' financial statements

The financial statements of each subsidiary included in these consolidated financial statements and equity method investments are prepared based on the respective functional currencies. For subsidiaries whose functional currency is a currency other than the Brazilian Real, asset and liability accounts are translated into the Company‟s reporting currency using exchange rates in effect at the date of the statement of financial position, and income and expense items are translated using monthly average exchange rates and shareholders‟ equity has been translated using the historical exchange rate. The resulting translation adjustments are reported in a separate component of shareholders‟ equity, as cumulative translation adjustment.

The exchange rate of the Brazilian Real (R$) to the U.S. Dollar (US$) was R$ 2.6562 = US$ 1.00 at December 31, 2014, R$ 2.3426 = US$ 1.00 at December 31, 2013.

2.2.3 Financial instruments

a) Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is

recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: (i) financial assets at fair value through profit or loss, (ii) held-to-maturity financial assets, (iii) loans and receivables and (iv) available-for-sale financial assets.

I. Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company‟s documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Financial assets classified as held-for-trading comprise short-term sovereign debt securities actively managed by the Company‟s treasury department to address short-term liquidity needs.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

II. Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Company has the intention and ability to hold them to maturity. Interest, indexation charges/credits, foreign exchange gain/loss, less impairment losses, if any, are recognized in profits or loss when incurred as financial income/expense.

Held-to-maturity financial assets comprise debentures. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost.

III. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

IV. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as

available for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, the financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency gains/losses on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

b) Cash and cash equivalents

Cash and cash equivalents and highly liquid short-term investments comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

c) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company write off a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities as other financial liabilities. Such financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include loans and financing, debt securities issued (including certain preferred shares), bank overdraft limit, and trade and other payables.

Bank overdrafts which are repayable on demand, form an integral part of the Company‟s cash management and are included as a component of cash and cash equivalents.

Interest paid is disclosed as financing activities in the statements of cash flows.

d) Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if:

- The economic characteristics and risks of the host contract and the embedded derivative are not closely related;

- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

- The combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are initially recognized at fair value; any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

I. Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

In other cases the amount recognized in other comprehensive income is transferred to income in the year in which the hedged item affects income. If the hedging instrument no longer meets the hedge accounting criteria, expires or is sold, terminated, exercised, or has its designation revoked, then hedge accounting is discontinued prospectively. The accumulated results, previously recognized in other comprehensive income and presented in asset valuation reserve in equity, remains there until the forecast transaction affects profit or loss.

II. Fair value hedge

Changes in fair value of derivatives, that are designated and qualify as fair value hedge, are recorded in statement of profit or loss, with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The Company applies hedge accounting for fair

value hedges to protect itself against the risk of changes in interest rates and foreign exchange rates on loans. The gain or loss related to the effective portion of interest rate swaps to protect against fixed rate borrowings is recognized in the statement of profit or loss as "Financial expenses". The gain or loss related to the ineffective portion is recognized in the statement of profit or loss as "Other gains (losses), net". Changes in fair value of fixed rate borrowings hedged attributable to interest rate risk are recognized in the statement of profit or loss as "Financial expenses".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the method of effective interest rate is used, is amortized to income over the period to maturity.

III. Embedded derivatives

Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

IV. Other derivative financial instruments

When a derivative financial instrument is not designated in a hedge relationship and does not qualify for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

2.2.4 Inventory

Inventory is recorded at the lower of average cost of acquisition or production and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions for slow-moving or obsolete inventory are recorded when deemed necessary by management. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

2.2.5 Non-current assets held for sale

Non-current assets or groups of assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying value or fair value less costs to sell. Any loss in the value of a group of assets classified as held for sale is initially allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, pension plan assets and investment property. Losses recognized upon classification as held for sale and subsequent gains and losses are recognized in income. Gains are not recognized in excess of any cumulative impairment loss previously recognized.

2.2.6 Investment property

Agricultural land is stated at fair value, with changes in fair value recognized in profit or loss.

Sale of farms are not recognized in profit or loss until (i) the sale is concluded, (ii) the Company determines that sales receipt is probable; (iii) the revenue can be reliably measured, and (iv) the Company has transferred the ownership risks to the buyer, without any continuing involvement. The gain from sale of farms is reported in the statement of profit or loss in "Other, net" for the difference between the consideration received and the carrying amount of the farm sold.

The fair value of agricultural land was determined based on the method of direct comparison of data from the market, using transactions involving comparable properties (property type, location, and quality of the property) observed in the market (Level 2). The methodology used for determining the fair value considers direct comparisons of market information, such as market research, homogenization of values, prices, recent sales, distances, facilities, access to land, topography and soil, land use (culture), rainfall level, among other according to the norms issued by the Brazilian standards institute ABNT - Associação Brasileira de Normas Técnicas. The portfolio is valued annually by independent experts and reviewed periodically by internal professionals technically qualified to perform such appraisals.

2.2.7 Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of constructed assets includes:

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- An estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalized borrowing costs;

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When componets of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment, calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognized in profit or loss.

b) Reclassification to investment property

When the use of a property changes from held to use to investment property, the property is remeasured at fair value and reclassified as investment property. Any gain or loss arising on this remeasurement is recognized in equity.

c) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

d) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated on the carrying value of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless it is capitalized as part of the cost of another asset. Assets recognized under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

Annual depreciation rates are shown below:

Buildings and Improvements	4%
Machinery, Equipment and Facilities	3% to 10%
Airplanes, Vessels and Vehicles	10% to 20%
Furniture and Fixtures	10%
Computer Equipment	20%

Costs of normal periodic maintenance are recorded as expenses when incurred since the components will not improve the production capacity or introduce improvements to the equipment.

Depreciation methods, useful lives and residual values are revised at each reporting date and adjusted if appropriate.

2.2.8 Intangible assets and goodwill

a) Goodwill

Goodwill is measured at cost less accumulated impairment losses. With respect to equity method investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity method investee as a whole.

b) Other intangible assets

Other intangible assets that are acquired by the Company and have a finite life are measured at cost less accumulated amortization and any accumulated impairment losses.

c) Subsequent expenditure

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

d) Amortization

Except for goodwill, intangible assets are amortized on a straight-line basis over their estimated useful lives, from the date that they are available for use or acquired.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e) Contracts with customers

Costs incurred on the development of gas system for new clients (including pipelines, valves, and general equipment) are recognized as intangible assets and amortized over the contract period.

f) Intangible assets related to the gas concession agreement

COMGÁS, entered into a public concession agreement for the distribution of gas granted by the Conceding Authority, At the end of the concession, the Conceding Authority will hold a significant portion of the infrastructure. It also controls what services must be rendered and regulates the prices charged. The concession agreement grants COMGÁS the right to charge customers for the supply of gas during the term of the concession agreement. COMGÁS recognizes this right as an intangible asset.

The intangible asset comprises: (i) the concession right recognized upon the business combination of COMGÁS, which is being amortized over the concession period on a straight line basis; and (ii) the acquired or constructed assets underlying the concession, necessary for the distribution of gas, which is being depreciated to match the period over which the future economic benefits of the asset are expected to accrue to the Company, or the final term of the concession, whatever occurs first. This period reflects economic useful lives of each of the underlying assets that comprise the concession.

This economic useful life is also used by the regulator to determine the basis for measuring the tariff for rendering the services under the concession.

The concession agreement was signed on May 31, 1999 with an initial term of 30 years. Subject to review by the Conceding Authority, COMGÁS has the option to apply for a 20-year extension of distribution services. Contractual conditions necessary for the extension are under

control of COMGÁS, as long as it is in compliance with all regulatory commitments. When the concession is terminated, the assets related to the rendering of gas distribution services will be returned to the Conceding Authority, and the Company will be entitled to receive an indemnification to be determined based on assessments and evaluations performed at that time, which may consider the book value of the concession assets.

In addition, the concession contract determines that the tariff charged by COMGÁS be reviewed annually, in May, with the aim to realign the tariff charged to consumers to the cost of the gas and adjust the margin of distribution for inflation.

2.2.9 Impairment

a) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

I. Financial assets measured at amortized cost

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for impairment. Those found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing impairment collectively, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management‟s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be higher or lower than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset‟s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor‟s credit rating), the reversal of the previously recognized impairment loss is recognized in the

statement of profit or loss.

II. Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the accumulated losses recorded in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in the cumulative impairment losses attributable to the application of the effective interest method are reflected as a component of interest income. If, in a subsequent periods, the fair value of an impaired available-for-sale financial asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale financial asset is recognized in other comprehensive income.

An impairment loss with respect to an equity method investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

b) Non-financial assets

The carrying amounts of the Company‟s non-financial assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset‟s recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to Companies of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized with respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss with respect to goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset‟s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.2.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

As of December 31, 2014, 2013, the Company´s liabilities included of R$ 186,649 and R$ 227,976, respectively, in relation to a contingent consideration arrangement arising from the 2008 *Esso* business combination. This contingent consideration is measured at fair value with changes in fair value recognized in profit or loss.

On December 31, 2014 the Company paid R$ 60,200 related to this contingent (R$ 49,938 paid in the nine-month period ended December 31, 2013.)

The consideration is contingent on meeting certain targets for gross revenues and sales quantities of some former ExxonMobil products for a 10 year period from the date of acquisition in 2008.

2.2.11 Employee benefits

a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay these amounts as a result of past services provided by the employee, and the obligation can be estimated reliably.

b) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee compensation expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees with respect to share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to the cash payment. The liability is remeasured at each reporting date and at settlement date based on the

fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit expenses in profit or loss.

c) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

d) Defined benefit plans

The Company, through its indirect subsidiaries Cosan Lubrificantes Especialidades S.A. ("CLE") and COMGÁS is the sponsor of defined benefit pension plans for some of its employees. The cost of providing benefits under the defined benefit plan is determined annually by independent actuaries using the projected unit credit method.

A defined benefit plan is a post-employment benefit plans other than a defined contribution plan. The Company‟s net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date of the financial statements for the high quality government bonds, and maturity dates approximating the terms of the Company‟s obligations and that are denominated in the currency in which the benefits are expected to be paid.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognized.

e) Other long-term employee benefit

The Company‟s net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date of the financial statements for the high credit quality bonds, and maturity dates approximating the terms of the Company‟s obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit

method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

2.2.12 Revenue

Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Sales of services

Revenues from services are recognized when the entity transfers to the buyer the significant risks and rewards inherent to the services, when they are probable that the economic benefits associated with the transaction will flow to the Company, as well as its value and related costs, can be measured reliably. Service prices are established based on service orders or contracts. Services for which payment is made in advance are recorded as deferred revenue in other liabilities and recognized in revenue when the services are rendered.

I. Billed revenue

Revenue from gas distribution services is recognized when its amount can be reliably measured, and is recognized in profit or loss when the volumes are delivered to customers.

II. Unbilled revenue

Unbilled gas refers to the portion of gas supplied for which metering and billing to customers have not yet occurred. This amount is estimated based on the period between measurement and the last day of the month. The actual volume billed may be different from estimates. The Company believes that, based on experience, the unbilled estimated amount will not significantly differ from actual amounts.

III. Concession construction revenue

The construction of the infrastructure necessary for gas distribution is considered a construction service rendered to the Grantor, and the related income is recognized in profit or loss at fair value.

Construction costs are recognized by reference to the stage of completion of the construction activity at the end of the reporting period, and are included in cost of sales.

2.2.13 Leases

a) Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets leased under operating leases and are not recognized in the Company‟s statement of financial position.

b) Leased payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

c) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes in a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company‟s incremental borrowing rate.

2.2.14 Finance income and finance expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income (except for dividends received from investees evaluated by equity in subsidiaries), gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging

instruments that are recognized in profit or loss and reclassifications of net gains previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company"s right to receive payment is established. The distributions received from investees recorded by the equity method reduce the investment value.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets (other than trade receivables), losses on hedging instruments that are recognized in profit or loss and reclassifications of net losses previously recognized in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether the net foreign currency fluctuations result in a gain or loss position.

2.2.15 Tax

Income tax includes the income tax and social contribution at rate of 34%. With tax expenses include current and deferred taxes. Current tax and deferred tax are recognized in income, except to the extent that this is a business combination, or items recognized directly in equity or in other income

Also, for some subsidiaries, income tax is calculated based on the application of the 32% profit presumption percentage of revenues operational earned focusing rate of 15%, plus a surcharge of 10% on taxable income exceeding R$ 240 for income tax and 9% on taxable income earned for social contribution.

a) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and tax loss. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for loss carryforwards, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be generated in the future. Deferred tax assets are reviewed at each reporting date and written off to the extent that it is no longer probable that the related tax benefit will be realized.

c) Indirect tax

Net revenue is recognized net of discounts and sales taxes.

d) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.2.16 Reclassification of discontinued operation

As disclosed in Note 28 due to partial spin-off related to assets and net liabilities of “RUMO” segment, and required by IFRS 5 - Non-current assets available for sale and discontinued operations, the Company is changing the presentation of its income statement (Individual and Consolidated) for the year ended December 31, 2014. See the note "28 Operating discontinued", the restatement of the nine-month period ended December 31, 2013.

2.3 Changes in accounting policies

Revision 07 of the accounting pronouncements Committee - "Equity method in Separate Financial Statements", changes the wording of CPC 35 - "Separate Financial Statements" to incorporate changes made by the IASB in IAS 27 - Separate Financial Statements, which will enable the adoption the equity method in subsidiaries in separate financial statements, aligning thus Brazilian accounting practices with international accounting standards.

Other amendments and interpretations effective for the financial year to start on 1 January 2014 are not relevant to the Group.

2.4 Changes in accounting policies

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

IFRS 9, „Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity"s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity"s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9"s full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 15, „Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity"s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 „Revenue" and IAS 11 „Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Company is currently assessing the impacts of adopting IFRS 15.

IAS 41 - Agriculture - This standard currently requires that biological assets related to agricultural activity are measured at fair value less costs to sell. IASB has determined that "bearer plants" should be accounted for as property, plant and equipment (IAS 16), i.e., at cost less depreciation or impairment provision. The standard is effective for annual reporting beginning on or after January 1, 2016 with early adoption permitted. The Company is assessing the potential impact on this consolidated financial statements resulting from the application of IAS 41.

IFRIC 21, „Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The Company is not currently subject to significant levies therefore it does not expect that the application of the new standard will have a material impact on the Company's consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3 Operating segments

(a) Segment information

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

Operating segments

I. **Raízen Energia**: production and marketing of a variety of products derived from sugar cane, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment holds interests in companies engaged in research and development on new technology;

II. **Raízen Combustíveis:** distribution and marketing of fuels, mainly through a network of service stations under the brand "Shell" throughout Brazil;

III. **COMGÁS:** distribution of piped natural gas to part of the State of São Paulo (approximately 180 municipalities, including the region called Greater São Paulo) to customers in the industrial, residential, commercial, automotive, thermogeneration and cogeneration sectors;

IV. **Radar:** management, buying, selling and leasing of agricultural;

V. **Lubricants**: production and distribution of lubricants under the Mobil brand in Brazil, Bolivia, Uruguay and Paraguay, as well as European and Asian market with a Comma trademark; Following the adoption of IFRS 11, whereby the Company no longer proportionally consolidates the results of Raízen Energia and Raízen Combustíveis, the Lubricants segment met the quantitative thresholds to be separately reportable, and the comparative segment information has been restated;

VI. **Cosan´s other business**: other investments, in addition to the corporate activities of the Company.

The segments Raízen Energia and Raízen Combustíveis are equity accounted for under the equity method and not consolidated in these consolidated financial statements. However, the Company"s senior management continues to review segment information of 100% of the results of these segments and a reconciliation of these segments to the entity"s financial information is presented in the column "Joint Venture deconsolidation".

The following assets and statement of profit or loss selected information by segment was prepared on the same basis as the accounting practices used in the preparation of consolidated information:

	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Cosan´s other business	Deconsolidated effects IFRS 11	S eli
Statement of income:								
Net sales	9,263,930	55,733,927	6,387,103	157,562	1,602,198	-	(64,997,857)	
Domestic market	4,064,437	55,733,927	6,387,103	157,562	1,306,218	-	(59,798,364)	
External market	5,199,493	-	-	-	295,980	-	(5,199,493)	
Gross profit	1,528,509	2,799,705	1,892,194	96,918	354,392	-	(4,328,214)	
Selling expenses	(578,989)	(1,150,516)	(636,316)	-	(245,227)	-	1,729,505	
General and administrative expenses	(498,756)	(387,259)	(308,413)	(36,525)	(70,684)	(145,840)	886,015	
Other income (expenses)	58,609	338,143	(19,494)	131,593	1,032	(123,626)	(396,752)	
Financial results	(418,317)	(125,210)	(193,026)	6,269	21,555	(780,687)	543,527	
Financial income	385,895	104,218	106,554	7,428	1,639	81,280	(490,113)	
Financial expense	(588,307)	(142,839)	(300,573)	(1,104)	22,831	(707,718)	731,146	
Exchange rate	(357,928)	(71,825)	(139,931)	(55)	(1,183)	(177,815)	429,753	
Derivatives	142,023	(14,764)	140,924	-	(1,732)	23,566	(127,259)	
Equity pick-up	(38,310)	14,902	-	-	(7,341)	429,506	23,408	
Equity pick-up - JV	-	-	-	-	-	588,428	-	
Income tax and social contribution	103,810	(410,560)	(203,810)	(17,629)	(18,850)	254,803	306,750	
Profit (loss) for the period	**156,556**	**1,079,205**	**531,135**	**180,626**	**34,878**	**222,583**	**(1,235,761)**	
Other selected data:	-	-	-	-	-	-	-	
Depreciation and amortization	1,966,866	538,222	506,697	970	71,268	2,923	(2,505,088)	
EBITDA	2,437,929	2,153,197	1,434,668	192,956	103,441	751,390	(4,591,126)	
Addition PP&E, intangible and biological assets (cash)	2,490,176	794,556	661,311	1,146	52,178	75,194	(3,284,732)	
	-	-	-	-	-	-	-	
Reconciliation of EBITDA	-	-	-	-	-	-	-	
Profit (loss) for the period	156,556	1,079,205	531,135	180,626	34,878	222,583	(1,235,761)	
Income tax and social contribution	(103,810)	410,560	203,810	17,629	18,850	(254,803)	(306,750)	
Financial result, net	418,317	125,210	193,026	(6,269)	(21,555)	780,687	(543,527)	
Depreciation and amortization	1,966,866	538,222	506,697	970	71,268	2,923	(2,505,088)	
EBITDA	**2,437,929**	**2,153,197**	**1,434,668**	**192,956**	**103,441**	**751,390**	**(4,591,126)**	

	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Cosan´s other business	Joint Venture deconsolidated	S eli
Statement of income:								
Net sales	6,850,389	37,580,570	4,888,895	54,732	1,185,201	-	(44,430,959)	
Domestic market	2,964,443	37,580,570	4,888,895	54,732	947,274	-	(40,545,013)	
External market	3,885,946	-	-	-	237,927	-	(3,885,946)	
Gross profit	1,260,349	1,916,015	1,364,700	48,674	284,668	-	(3,176,364)	
Selling expenses	(474,116)	(808,095)	(422,416)	-	(181,549)	-	1,282,211	
General and administrative expenses	(411,600)	(285,904)	(239,262)	(18,369)	(52,552)	(96,288)	697,504	
Other income (expenses)	(35,209)	292,211	(1,599)	131,191	(5,488)	(26,445)	(257,002)	
Financial results	(646,268)	(99,201)	(140,981)	3,096	(9,072)	(567,039)	745,469	
Financial income	186,230	69,070	44,659	3,812	23,409	75,477	(255,300)	
Financial expense	(346,004)	(63,418)	(163,090)	(668)	(51,689)	(559,434)	409,422	
Exchange rate	(370,860)	(181,419)	(162,449)	(48)	17,351	(178,975)	552,279	
Derivatives	(115,634)	76,566	139,899	-	1,857	95,893	39,068	
Equity pick-up	(24,075)	4,826	-	29	(7,812)	447,768	19,250	
Equity pick-up - JV	-	-	-	-	-	242,036	-	
Income tax and social contribution	122,199	(298,084)	(152,740)	(10,230)	(27,175)	234,116	175,885	
Profit (loss) for the period	**(208,720)**	**721,768**	**407,702**	**154,391**	**1,019**	**234,150**	**(513,048)**	
Other selected data:								
Depreciation and amortization	1,386,600	385,728	322,170	727	55,452	1,840	(1,772,328)	
EBITDA	1,701,949	1,504,781	1,023,593	162,252	92,718	568,913	(3,206,730)	
Addition PP&E, intangible and biological assets (cash)	1,513,389	681,241	677,695	60	81,353	18,965	(2,194,630)	
Reconciliation of EBITDA								
Profit (loss) for the period	(208,720)	721,768	407,702	154,391	1,019	234,150	(513,048)	
Income tax and social contribution	(122,199)	298,084	152,740	10,230	27,175	(234,116)	(175,885)	
Financial result, net	646,268	99,201	140,981	(3,096)	9,072	567,039	(745,469)	
Depreciation and amortization	1,386,600	385,728	322,170	727	55,452	1,840	(1,772,328)	
EBITDA	**1,701,949**	**1,504,781**	**1,023,593**	**162,252**	**92,718**	**568,913**	**(3,206,730)**	

Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Cosan´s other business**	**Deconsolidated effects IFRS 11**
Cash and cash equivalents	2,643,950	173,470	973,708	6,011	39,810	520,663	(2,817,420)
Investment Securities	-	-	-	149,735	-	-	-
Trade receivables	620,300	1,920,778	605,483	22,214	194,486	241	(2,541,078)
Inventories	2,315,907	1,128,771	125,406	-	222,486	11	(3,444,678)
Other current assets	2,680,822	521,630	137,360	31,052	31,831	367,641	(3,202,452)
Equity method investments	209,205	256,729	-	-	16,032	5,783,699	(465,934)
Investment in jointly ventures	-	-	-	-	-	8,404,502	-
Biological assets	1,828,304	-	-	-	-	-	(1,828,304)
Investment property	-	-	-	2,641,978	-	-	-
Property, plant and equipment	9,848,969	2,464,316	-	11,288	221,466	118,681	(12,313,285)
Intangible assets	3,288,709	4,267,514	8,595,251	173	824,277	6,419	(7,556,223)
Other non-current assets	2,075,546	2,365,613	591,135	15,538	(190,806)	2,331,354	(4,441,159)
Loans and borrowings	(10,377,585)	(1,557,782)	(3,133,347)	-	(261,166)	(4,003,089)	11,935,367
Trade payables	(636,619)	(529,990)	(848,770)	(790)	(118,784)	(2,826)	1,166,609
Employee benefits payable	(252,219)	(66,799)	(58,955)	(5,336)	(15,437)	(21,387)	319,018
Other current liabilities	(1,103,934)	(2,074,917)	(122,981)	(20,783)	(100,853)	(398,334)	3,178,851
Other non-current liabilities	(2,719,593)	(2,273,554)	(992,028)	(93,552)	(193,082)	(4,289,300)	4,993,147
Total assets (net of liabilities) allocated by segment	10,421,762	6,595,779	5,872,262	2,757,528	670,260	8,818,275	(17,017,541)
Total assets	**25,511,712**	**13,098,821**	**11,028,343**	**2,877,990**	**1,359,582**	**17,533,212**	**(38,610,533)**

Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Rumo**	**Radar**	**Lubricants**	**Cosan´s other business**	**D d**
Cash and cash equivalents	1,058,483	328,992	535,957	497,753	13,408	57,892	369,543	
Investment Securities	-	-	-	-	87,978	-	-	
Trade receivables	416,746	1,435,095	582,889	32,506	28,052	200,795	241	
Inventories	2,026,925	1,057,049	121,253	5,237	-	185,490	-	
Other current assets	1,279,553	484,475	248,803	22,389	323,475	45,227	332,014	
Equity method investments	408,591	254,826	-	-	-	15,364	6,101,361	
Investment in jointly ventures	-	-	-	-	-	-	8,498,259	
Biological assets	1,867,765	-	-	-	-	-	-	
Investment property	-	-	-	-	2,281,509	-	-	
Property, plant and equipment	9,504,874	2,494,486	-	1,013,149	11,195	197,137	50,429	
Intangible assets	3,100,227	4,038,314	8,450,541	755,635	89	867,826	3,949	
Other non-current assets	1,534,557	1,403,117	332,918	234,965	4,884	(93,658)	2,755,373	
Loans and borrowings	(7,732,778)	(862,521)	(2,841,387)	(705,974)	-	(209,579)	(5,073,219)	
Trade payables	(633,505)	(551,176)	(706,397)	(82,872)	(1,216)	(70,102)	(1,562)	
Employee benefits payable	(249,919)	(60,091)	(59,417)	(12,522)	(4,247)	(13,039)	(14,071)	
Other current liabilities	(495,240)	(525,188)	(301,089)	(127,287)	(31,020)	(107,826)	(260,694)	
Other non-current liabilities	(1,693,036)	(2,715,727)	(863,768)	(198,620)	(85,951)	(327,564)	(3,543,628)	
Total assets (net of liabilities) allocated by segment	10,393,243	6,781,651	5,500,303	1,434,359	2,628,156	747,963	9,217,996	
Total assets	**21,197,721**	**11,496,354**	**10,272,361**	**2,561,634**	**2,750,590**	**1,476,073**	**18,111,170**	

(b) *Detailed net sales by segment*:

	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Raízen Energia		
Sugar	4,059,580	3,127,616
Ethanol	4,376,826	3,143,254
Cogeneration	618,583	376,579
Other	208,941	202,940
	9,263,930	**6,850,389**
Raízen Combustíveis		
Fuels	55,733,927	37,580,570
	55,733,927	**37,580,570**
COMGÁS		
Industrial	4,122,077	3,066,763
Residential	632,997	522,771
Thermogeneration	407,736	212,103
Cogeneration	246,841	187,491
Automotive	199,820	151,246
Commercial	255,051	186,987
Construction revenue	481,314	536,482
Other	41,267	25,052
	6,387,103	**4,888,895**
Radar		
Property sale	85,308	5,694
Land lease	60,944	49,038
Other	11,310	-
	157,562	**54,732**
Lubricants		
Lubricants	1,325,472	1,040,150
Basic Oil	225,701	137,309
Other	51,025	7,742
	1,602,198	**1,185,201**
IFRS 11 - Deconsolidated of Joint Ventures and eliminations	(64,997,857)	(44,430,959)
Total	**8,146,863**	**6,128,828**

(c) Net sales per region

The percentages of net sales of Lubricants by geographic area for the quarter ended are as follow:

	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Brazil	81.53%	80.27%
Europe	15.28%	16.91%
South America (excepting Brazil)	2.20%	2.02%
Middle East and Asia	0.81%	0.73%
Other	0.18%	0.07%
Total	**100.00%**	**100.00%**

Other

COMGÁS and Radar‟s net sales are only to the domestic market (Brazil).

(d) Concentration of customers

COMGÁS

No customers or specific groups represented 10% or more of net sales for the year ended December 31, 2014 and the nine months ended December 31, 2013.

Radar

In 2014, 15% of the segment‟s net sales was generated from sales to Raízen Energia (22% for the period of nine months ended on December 31, 2013)

Lubricants

No customers or specific groups represented 10% or more of net sales for the year ended December 31, 2014 and the nine months ended December 31, 2013.

4 Cash and cash equivalents

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cash and bank accounts	265	82	121,342	113,527
Financial Investments	375,739	256,009	1,418,850	1,361,026
	376,004	**256,091**	**1,540,192**	**1,474,553**

Financial investments refer substantially exclusive funds as presented below:

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Exclusive funds				
Commitment transactions (i)	311,315	202,386	360,237	662,262
Bank certificate of deposits - CDB (ii)	64,424	53,623	74,547	175,895
	375,739	**256,009**	**434,784**	**838,157**
Bank investments				
Bank certificate of deposits - CDB	-	-	222,570	147,782
Commitment transactions	-	-	717,472	342,894
Other financial investments	-	-	44,024	32,193
	-	-	**984,066**	522,869
	375,739	**256,009**	**1,418,850**	**1,361,026**

(i) These refer to purchases of assets, mainly government securities, with the commitment to repurchase at a rate previously established by the parties, generally with a one-day term.

(ii) These refer mainly to Bank Deposit Certificates - CDBs, issued by Brazilian financial institutions with original maturities of 90 days or less or for which there are no penalties or other restrictions for early redemption.

5 Trade receivables

The balance of trade receivables is comprised of the following:

	Consolidated	
	December 31, 2014	December 31, 2013
Domestic – Brazilian Reais	862,221	1,087,118
Export – Foreign currency	20,615	24,453
Allowance for doubtful accounts	(26,113)	(28,628)
	856,723	**1,082,943**
Current	**822,424**	**844,483**
Non-current	**34,299**	**238,460**

The ageing of trade receivables is as follows:

	Consolidado	
	December 31, 2014	**December 31, 2013**
Not overdue	757,354	776,342
Overdue:		
From 1 to 30 days	70,682	78,110
From 31 to 60 days	4,308	38,546
From 61 to 90 days	2,166	58,044
More than 90 days	22,213	131,901
	856,723	**1,082,943**

Changes in the allowance for doubtful accounts is as follows:

	Consolidated	
	December 31, 2014	**December 31, 2013**
Opening balance	(28,628)	(21,411)
Provision	(22,398)	(24,891)
Reversal	1,370	960
Effective losses	-	16,714
Partial Spin-off	23,543	-
	(26,113)	**(28,628)**

6 Estoques

	Consolidated	
	December 31, 2014	**December 31, 2013**
Finished goods	223,706	185,620
Product in process	86,895	82,361
Spare parts and others	41,837	44,331
Provision for inventory realization and obsolescence	(4,535)	(332)
	347,903	**311,980**

Changes in the provision for slow moving inventory and obsolescence is as follows:

	Consolidated	
	December 31, 2014	**December 31, 2013**
Opening balance	(332)	(255)
Provision	(3,633)	(77)
Partial Spin-off	(6,236)	-
Reversal	5,666	-
	(4,535)	**(332)**

7 Other tax receivables

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2014
COFINS - Revenue tax	9,489	25,186	12,604	25,779
PIS - Revenue tax	7,710	7,710	8,387	7,838
ICMS - State VAT	-	26	91,120	97,648
Impairment provision	(17,147)	(33,007)	(17,147)	(33,007)
Other	39	155	851	5,442
	91	**70**	**95,815**	**103,700**
Current	**91**	**70**	**78,516**	**85,334**
Non Current	**-**	**-**	**17,299**	**18,366**

8 Other financial assets

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Exxon Mobil financial assets [(a)]	-	-	332,405	309,378
Receivable from sale discontinued operations [(b)]	107,775	160,783	107,775	160,783
	107,775	**160,783**	**440,180**	**470,161**
Current	**69,683**	**63,054**	**69,683**	**63,054**
Non Current	**38,092**	**97,729**	**370,497**	**407,107**

a) On June 28, 2011, CLE., the successor entity of Esso Brasileira de Petróleo Ltda. ("Essobrás"), joined the Brazilian Government's tax amnesty and refinancing program ("REFIS") upon request of its prior owner, ExxonMobil Brasil Holdings B.V. ("ExxonMobil"), to settle certain tax contingencies that existed prior to the acquisition of Essobrás by the Company. ExxonMobil is legally responsible for tax contingencies that existed prior to the acquisition by the Company; therefore, this financial asset represents the amounts that the Company will be reimbursed from ExxonMobil.

b) On October 24, 2012, the Company signed an Amendment to the Association Agreement and Other Covenants, of May 28, 2012, with Camil Alimentos SA ("Camil") whereby it agreed the sale of all of the shares issued by its subsidiary, Docelar Alimentos e Bebidas S.A., to Camil, for R$293,770. As at December 31, 2014, R$107,774 is still receivable, to be paid in two remaining installments, on October 31, 2015 and October 24, 2016. The fair value of the receivable is similar to the carrying amount as the receivable is inflation indexed.

9 Related parties

a) Receivables from and payables to related parties:

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Current Asset				
Commercial operations				
Cosan Limited [(iv)]	668	589	668	-
Cosan Lubrificantes e Especialidades	3,146	5,221	-	-
Radar Propriedades Agricolas S.A.	835	405	-	-
Raízen Energia S.A. [(ii)]	9,838	9,840	13,281	27,199
Raízen Combustíveis S.A. [(ii)]	153	52	2,433	4,048
Aguassanta Participações S.A.	6,340	6,368	6,340	6,368
Rumo	3,342	1,851	3,705	-
Other	930	985	500	1,071
	25,252	**25,311**	**26,927**	**38,686**
Corporate operation / Agreements				
Raízen Energia S.A. [(ii)]	3,388	1,468	3,388	1,468
	3,388	**1,468**	**3,388**	**1,468**
Financial operations				
Rezende Barbosa [(III)]	-	-	-	7,223
Cosan Lubrificantes e Especialidades	773	20	-	-
Raízen Combustíveis S.A.[(ii)]	-	-	1,319	-
Cosan Limited [(iv)]	-	-	19,753	17,158
	773	**20**	**21,072**	**24,381**
	29,413	**26,799**	**51,387**	**64,535**
Preferred shares				
Raízen Energia S.A. [(ii)]	104,984	305,183	104,984	305,183
Raízen Combustíveis S.A. [(ii)]	15,126	90,756	15,126	90,756
	120,110	**395,939**	**120,110**	**395,939**
Financial operations				
Rezende Barbosa [(III)]	84,996	106,057	84,999	107,002
	84,996	**106,057**	**84,999**	**107,002**
Corporate restructuring	5,115	6,220	7,418	1,540
	210,221	**508,216**	**212,527**	**504,481**

	Parent Company		Consolidated	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Current liabilieites				
Commercial operations				
Shell Brazil Holding B.V. [(i)]	-	-	-	5,986
Raízen Energia S.A. [(ii)]	11,038	6,060	14,264	18,491
Advances from port services	-	-	16	7,998
Shared expenses	11,038	6,060	14,248	10,276
Other	-	-	-	217
Cosan Biomassa S.A.	142,569	-	-	-
Radar	2,245	2,682	-	-
Rumo	1,486	1,551	1,572	-
Cosan Lubrificantes e Especialidades	217	-	-	-
Raízen Combustíveis S.A. [(ii)]	530	923	1,238	1,709
Other	773	245	119	34
	158,858	**11,461**	**17,193**	**26,220**
Corporate operations / Agreements				
Raizen Combustiveis S.A. [(ii)]	11,402	8,800	11,402	8,800
Raízen Energia S.A. [(ii)]	85,220	70,443	90,012	70,443
	96,622	**79,243**	**101,414**	**79,243**
Financial Operations				
Cosan Overseas Limited	1,351,838	13,452	-	-
Cosan Luxembourg S.A.	61,812	851,165	-	-
Shell Brazil Holding B.V. [(i)]	-	-	3,820	-
Other	22	-	22	-
	1,413,672	**864,617**	**3,842**	**-**
	1,669,152	**955,321**	**122,449**	**105,463**
Non-current liabilities				
Financial operations				
Cosan Overseas Limited	-	1,179,499	-	-
Cosan Luxembourg S.A.	1,888,535	899,689	-	-
	1,888,535	**2,079,188**	**-**	**-**

b) Related party transactions:

Commercial operations of Cosan with its subsidiaries and jointly controlled entities are carried out at prices and conditions similar to those practiced in the market. For the periods presented, no loss for doubtful accounts was recorded.

	Parent Company		Consolidated	
	December 31, 2014	Nine months ended December 31, 2013 (Restated)	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Product sales				
Raízen Energia S.A. (ii)	-	-	18,193	-
	-	**-**	**18,193**	**-**
Purchase of goods / Inputs				
Raízen Energia S.A. (ii)	-	-	(109)	(13)
Raízen Combustíveis S.A. (ii)	-	-	-	(45)
	-	**-**	**(109)**	**(58)**
Land lease				
Raízen Energia S.A. (ii)	-	-	54,045	43,995
	-	**-**	**54,045**	**43,995**
Shared income (expanse)				
Aguassanta Participações S.A.	440	387	440	295
Cosan Biomassa S.A.	1,634	2,810	-	-
Radar Prop. Agr. S.A.	2,753	1,360	-	-
Rumo Group	9,454	6,030	-	-
Cosan Lubrificantes e Especialidades	12,383	20,704	-	-
Raízen Energia S.A. (ii)	(4,897)	(10,285)	(28,102)	(3,670)
Other	-	1,074	-	-
	21,767	**22,080**	**(27,662)**	**(3,375)**
Financial result				
Usina Santa Luiza	(152)	(418)	(152)	-
Cosan Lubrificantes e Especialidades	773	2	-	-
Cosan Limited	79	131	79	84
Cosan Luxembourg S.A.	(291,290)	(49,209)	-	-
Pasadena Empreed. Partic. S.A.	437	304	-	-
Cosan Overseas Limited	(274,188)	-	-	-
Raízen Energia S.A. (ii)	2,613	1,723	2,613	1,781
Outros	(32)	-	406	113
	(561,760)	**(47,467)**	**2,946**	**1,978**

(i) Shell

Relate to payables to Shell by COMGÁS in relation to a Commercial Services Agreement (CSA) – under which Shell agrees to provide commercial and business service staff for administrative support to conduct COMGÁS" business.

(ii) Raízen Energia and Raízen Combustíveis

Non-current assets receivable from Raízen Energia and Raízen Combustíveis are, primarily, tax credits which will be reimbursed to the Company when realized. Current liabilities represent payables in relation to expenses paid by Raízen Energia and Raízen Combustíveis to Cosan S.A.

(iii) Rezende Barbosa Group

The Company has receivables with Rezende Barbosa for the repayment of loans taken prior to the acquisition of the subsidiaries. These receivables are secured by Cosan S.A. shares.

(iv) Cosan Limited

The accounts receivable in the short term is relate to the loan from the company Aldwich Temple Venture Capital, which bears interest at 1.86% per annum, calculated from the date of hire, monthly amortized until November 30, 2017.

c) Officers' and directors' compensation

Key management includes directors (executive and non-executive) and members of the board. The compensation paid or payable to key management for their services is shown below:

	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Regular compensation	30,566	16,210
Stock option expense (Note 32)	12,753	6,595
Bonuses and other variable compensation	18,053	11,679
	61,372	**34,484**

10 Investments

a) Parent Company

	Shares issued by the investee	Shares held by Cosan	Cosan ownership interest (%)	December 31, 2013	Equity income of investee	Equity income of Spun-off investee	Equity method adjustments	Dividends
Subsidiaries								
Companhia de Gás de São Paulo – "COMGÁS"	121,870,985	73,961,667	60.69	3,538,971	321,647	-	2,702	(97,91
Cosan Biomassa	149,289,282	149,289,282	100	-	(5,438)	-	-	
Cosan Global	1	1	100	11,208	34,786	-	-	
Cosan Investimentos e Participações S.A.	3,778,868,643	3,778,868,643	100	2,172,458	292,808	-	(20,961)	(295,63
Cosan Logística S.A.	278,336,920	278,336,917	100	-	-	28,946	-	(93,75
Cosan Lubrificantes e Especialidades S.A.	290,441	290,437	100	252,814	(39,871)	-	30,645	
Cosan Luxembourg S.A.	500,000	500,000	100	46,222	(33,680)	-	-	
Novo Rumo Logística S.A.	278,336,920	278,336,917	100	1,029,042	-	40,496	-	(29,32
Radar II Propriedades Agrícolas S.A.	830,690,258	539,979,397	65	609,503	32,628	-	649	(15,53
Radar Propriedades Agrícolas S.A.	21,148,989	4,001,167	18.92	587,977	29,468	-	1,162	(7,56
Other	-	-	-	28,293	(11,621)	-	(10,312)	
Associates								
Tellus Brasil Participações S.A (a)	65,957,282	33,638,214	51	78,821	9,743	-	205	(1,35
Janus Brasil Participações S.A.	1,364,827	689,685	51	-	-	-	-	
Total				**8,355,309**	**630,470**	**69,442**	**4,090**	**(541,07**

	Shares issued by the investee	Shares held by Cosan	Cosan ownership interest (%)	March 31, 2013	Equity income of investee	Equity income of Spun-off investee	Equity method adjustments	Dividends
Subsidiaries								
Companhia de Gás de São Paulo – "COMGÁS"	119,822,797	71,957,990	60.05	3,367,852	244,721	-	14,756	(96,74
Cosan Global	1	1	100	-	11,208	-	-	
Cosan Investimentos e Participações S.A.	2,072,284,917	2,072,284,917	100	-	-	-	-	
Cosan Lubrificantes e Especialidades S.A.	290,441	290,437	100	1,118,780	(22,741)	-	3,900	(47,12
Cosan Luxembourg S.A.	500,000	500,000	100	23,554	16,058	-	-	
Novo Rumo Logística S.A.	278,336,920	278,336,917	100	908,223	-	120,819	-	
Radar II Propriedades Agrícolas S.A.	830,690,258	539,979,397	65	567,743	50,552	-	958	(9,75
Radar Propriedades Agrícolas S.A.	21,148,989	4,001,167	18.92	569,528	17,303	-	1,714	(56
Other	-	-	-	38,823	1,457	-	(24,533)	(2,72
Associates								
Tellus Brasil Participações S.A (a)	33,638,214	65,957,282	51	39,828	14,825	-	18	(83
				6,634,331	**333,383**	**120,819**	**(3,187)**	**(157,75**

Financial information of investees:

	December 31, 2014							
	Cosan Lubrificantes e Especialidades S.A.	Radar Propriedades Agrícolas S.A.	Radar II Propriedades Agrícolas S.A.	Companhia de Gás de São Paulo – "COMGÁS"	Cosan Investimentos e Participações S.A.	Cosan Luxembourg S.A.	Cosan Global	Cos Biom
Current								
Assets	352,739	181,880	28,688	1,841,957	42,887	104,038	60,875	208
Liabilities	(210,797)	(25,817)	(2,648)	(1,497,373)	-	(273,526)	-	(31,
Assets (liabilities) current, net	141,942	156,063	26,040	344,584	42,887	(169,488)	60,875	176
Non Current								
Assets	1,554,926	2,059,326	957,778	9,186,386	5,493,556	2,373,888	-	91
Liabilities	(1,501,884)	(74,726)	18,826	(3,658,708)	-	(2,191,857)	-	(136,
Assets (liabilities) non current, net	53,042	1,984,600	976,604	5,527,678	5,493,556	182,031	-	(45,
Shareholders' equity	194,984	2,140,663	1,002,644	5,872,262	5,536,443	12,543	60,875	131
Profits and Losses	(39,873)	155,760	50,196	531,135	(301,691)	33,680	(34,786)	5

	December 31, 2013							
	Cosan Lubrificantes e Especialidades S.A.	Radar Propriedades Agrícolas S.A.	Radar II Propriedades Agrícolas S.A.	Companhia de Gás de São Paulo – "COMGÁS"	Cosan Luxembourg S.A.	Cosan Global	Tellus Brasil Participações Ltda	No Rur Logís
Current								
Assets	367,864	223,574	489	1,488,902	899,241	11,208	113,794	45
Liabilities	(151,506)	(22,458)	-	(1,403,287)	(240,488)	-	(100,383)	(64,
Assets (liabilities) current, net	216,358	201,116	489	85,615	658,753	11,208	13,411	(18,
Non Current								
Assets	1,618,918	1,855,301	259,104	8,783,460	1,317,024	-	1,545,310	1,047
Liabilities	(1,582,461)	(37,655)	-	(3,368,771)	(1,929,554)	-	(972,852)	
Assets (liabilities) non current, net	36,457	1,817,646	259,104	5,414,689	(612,530)	-	572,458	1,047
Shareholders' equity	252,815	2,018,762	259,593	5,500,304	46,223	11,208	585,869	1,029
Profits and Losses	(22,741)	91,453	15,240	407,702	16,058	8,565	268,451	120

b) Consolidated

	Issued shares of the investee	Number of shares held by Cosan	Percentage of interest (%)	At December 31, 2013	Equity income of investees	Equity method adjustments	Dividends	Capital increase
Tellus Brasil Participações S.A.[(a)]	65,957,282	33,638,214	51.00	78,821	9,743	204	(1,556)	7,294
Novvi Limited Liabilitie Company	200,002	100,001	50.00	15,364	(7,501)	2,019	-	4,640
Janus Brasil Participações S.A. [(a)]	-	-	51.00	-	-	-	-	13,063
Zip Lube (franquias)	-	-	100.00	-	-	-	-	1,500
Vertical UK LLP	-	-	50.00	8,126	537	(1,591)	-	-
Total				**103,316**	**3,540**	**632**	**(1,556)**	**26,497**

	Issued shares of the investee	Number of shares held by Cosan	Percentage of interest (%)	At March 31, 2013	Equity income of investees	Equity method adjustments	Dividends	Capital increase
Tellus Brasil Participações S.A.(a)	65,957,282	33,638,214	51.00	39,828	14,825	18	(839)	24,989
Novvi Limited Liabilitie Company	200,002	100,001	50.00	-	(7,812)	998	-	22,178
Vertical UK LLP	-	-	50.00	9,641	-	1,330	(2,845)	-
Other				1,087	(1,516)	-	-	-
Total				**50,556**	**5,497**	**2,346**	**(3,684)**	**47,167**

Financial information of associates:

	Twelve months ended December 31, 2014				
	Assets	**Liabilities**	**Equity**	**Profit (loss) for the period**	**Total comprehensive income**
Tellus Brasil Participações S.A.[I]	1,865,488	12,421	1,853,067	192,553	4,334
Janus Brasil Participações S.A.	254,749	103	254,646	(1,483)	-
Novvi Limited Liabilitie Company	21,800	18,147	3,653	(14,847)	4,038

	Nine months ended December 31, 2013				
	Assets	**Liabilities**	**Equity**	**Profit (loss) for the period**	**Total comprehensive income**
Tellus Brasil Participações S.A.[i]	1,664,607	119,130	1,545,477	290,686	2,263
CTC - Centro de Tecnologia Canavieira S.A.	31,335	607	30,728	(15,222)	-

	Twelve months ended March 31, 2013				
	Assets	**Liabilities**	**Equity**	**Profit (loss) for the period**	**Total comprehensive income**
Tellus Brasil Participações S.A.[i]	800,479	22,459	778,020	124,079	(789)
CTC - Centro de Tecnologia Canavieira S.A.	216,910	56,859	160,051	(2,490)	-

(i) The Company is entitled to 5% of the economic benefits of this associate as established in the shareholders agreement.

c) Non-controlling interest:

	Issued shares of the investee	Number of shares held by non-controlling	Ownership percentage of non-controlling interest (%)	At December 31, 2013	Equity in income of investee of non-controlling	Equity method adjustments	Div
Companhia de Gás de São Paulo - "COMGÁS"	121,870,985	47,909,318	39.31	1,961,238	210,196	967	(6
Elimination of participation Radar II in Radar	-	-	-	(505,215)	-	(234)	
Logispot Armazéns Gerais S.A.	2,040,816	1,000,000	61.75	37,219	106	-	
Radar II Propriedades Agrícolas S.A.	830,690,258	290,710,861	35.00	328,192	17,567	349	
Radar Propriedades Agrícolas S.A.	21,148,989	17,147,822	81.08	1,607,793	100,253	5,006	(3
Rumo Logística Operadora Multimodal S.A.	956,917	239,229	25.00	349,285	23,147	-	
Total				**3,778,512**	**351,269**	**6,088**	**(10**

	Issued shares of the investee	Number of shares held by non-controlling	Ownership percentage of non-controlling interest (%)	At March 31, 2013	Equity in income of investee of non-controlling	Equity method adjustments	Div
Companhia de Gás de São Paulo - "COMGÁS"	119,822,797	47,864,807	39.95	1,852,661	162,792	9,817	(6
Elimination of participation Radar II in Radar	-	-	-	(489,457)	(14,718)	(1,473)	
Logispot Armazéns Gerais S.A.	2,040,816	1,000,000	61.75	37,902	(618)	-	
Radar II Propriedades Agrícolas S.A.	830,690,258	290,710,861	35.00	305,708	27,217	516	
Radar Propriedades Agrícolas S.A.	21,148,989	17,147,822	81.08	1,528,729	74,151	7,345	
Rumo Logística Operadora Multimodal S.A.	956,917	239,229	25.00	309,012	40,273	-	
Total				**3,544,555**	**289,097**	**16,205**	**(7**

Summarized balance sheet

	Radar Propriedades Agrícolas S.A.		Radar II Propriedades Agrícolas S.A.		Companhia de Gás de São Paulo - "COMGÁS"	
	December 31,2014	December 31,2013	December 31,2014	December 31,2013	December 31,2014	December 31,2013
Current						
Assets	66,766	223,574	803	489	1,841,957	1,488,902
Liabilities	(16,744)	(22,458)	(202)	-	(1,497,373)	(1,403,287)
Net current assets	50,022	201,116	601	489	344,584	85,615
Non-current						
Assets	2,135,540	1,855,301	964,391	259,104	9,186,386	8,783,460
Liabilities	(44,899)	(37,655)	-	-	(3,658,708)	(3,368,771)
Net non-current assets	2,090,641	1,817,646	964,391	259,104	5,527,678	5,414,689
Equity	2,140,663	2,018,762	964,992	259,593	5,872,262	5,500,304

Summarized statement of profit or loss

	Radar Propriedades Agrícolas S.A.		Radar II Propriedades Agrícolas S.A.		Companhia de Gás de São Paulo - "COMGÁS"	
	December 31,2014	Nine months ended December 31,2013 (Restated)	December 31,2014	Nine months ended December 31,2013 (Restated)	December 31,2014	Nine months ended December 31,2013 (Restated)
Net sales	43,883	14,433	-	-	6,387,104	4,888,897
Profit before taxes	164,365	94,783	50,217	15,240	734,945	560,443
Income taxes	(8,605)	(3,320)	(20)	-	(203,810)	(152,740)
Profit for the year	155,760	91,463	50,197	15,240	531,135	407,703
Dividends paid to non-controlling interests	25,928	1,945	8,365	5,250	65,715	-

Summarized statement of comprehensive income

	Radar Propriedades Agrícolas S.A.		Radar II Propriedades Agrícolas S.A.		Companhia de Gás de São Paulo - "COMGÁS"	
	December 31,2014	Nine months ended December 31,2013 (Restated)	December 31,2014	Nine months ended December 31,2013 (Restated)	December 31,2014	Nine months ended December 31,2013 (Restated)
Profit for the year	155,760	91,463	50,197	15,240	531,135	407,703
Other comprehensive income	22,157	16,017	3,603	2,604	6,266	24,574
Total comprehensive income	177,917	107,480	53,800	17,844	537,401	432,277
Comprehensive income allocated to non-controlling interest	144,255	87,145	18,830	6,245	211,252	172,695

Summarized statements of cash flows [(i)]

	Subsidiaries			
	Radar Propriedades Agrícolas S.A.		Companhia de Gás de São Paulo - "COMGÁS"	
	December 31, 2014	**Nine months ended december 31, 2013**	**December 31, 2014**	**Nine months ended december 31, 2013**
Cash flows from operating activities				
Cash generated from operations	68,173	29,256	1,596,064	1,081,121
Income taxes paid	(10,219)	(4.032)	(111,970)	(121,308)
Net cash generated by operating activities	**57,954**	**25,224**	**1,484,094**	**959,813**
Net cash used in investing activities	**(21,181)**	**(24,070)**	**(661,546)**	**(610,418)**
Net cash used in financing activities	**(40,000)**	**(3,000)**	**(384,798)**	**(140,942)**
(Decrease) increase in cash and cash equivalents	**(3,227)**	**(1,846)**	**437,750**	**208,453**
Cash and cash equivalents at the beginning of the year	9,189	10,703	535,957	327,504
Cash and cash equivalents at the ended of the year	**5,962**	**8,857**	**973,707**	**535,957**

(i) Information presented for subsidiaries with material of non-controlling interest.

11 Investment in jointly controlled entities

In June 2011, the Company entered into an agreement to jointly deal for 50% stake on the economic control of two companies:

(i) Raízen Combustíveis which owns a network of about 5,356 service stations throughout Brazil, 62 distribution terminals and 55 airports terminals supplying aviation fuels;

(ii) Raízen Energia, which operates in the production and sale of sugar, ethanol and cogeneration services, the latter mainly from sugar cane bagasse. Raízen Energia is responsible for the production of more than, approximately, 2 billion liters of ethanol per year to supply the domestic and foreign market, 4 million tons of sugar and 940 MW of installed capacity of electricity. Raízen Energia cultivates harvests and processes sugar cane - the main raw material used in the production of sugar and ethanol.

Cosan has joint control over Raízen Combustíveis and Raízen Energia by virtue of its 50% share in the equity of both companies and the requirement for unanimous consent by all shareholders over decisions related to the significant activities. The investments have been classified as joint ventures under IFRS 11 and therefore the equity method of accounting is used in these consolidated financial statements.

Changes to investments in jointly controlled entities were as follows:

	Consolidated		
	Raízen Combustíveis S.A.	**Raízen Energia S.A.**	**Total**
Shares issued by investee	3,303,168,484	5,902,595,634	-
Shares held by Cosan	1,651,584,242	2,951,297,817	-
Cosan ownership interest (%)	50	50	-
March 31, 2013	**3,278,866**	**5,303,875**	**8,582,741**
Equity in earnings (losses) of jointly controlled entities	352,515	(110,479)	242,036
Equity method adjustments	(162)	(3,156)	(3,318)
Dividends	(300,449)	(20,000)	(320,449)
Other equity effects	(4,288)	1,537	(2,751)
December 31, 2013	**3,326,482**	**5,171,777**	**8,498,259**
Equity in earnings (losses) of jointly controlled entities	503,176	85,252	588,428
Equity method adjustments	(210)	(44,322)	(44,532)
Dividends	(610,982)	(26,912)	(637,894)
Other equity effects	-	241	241
December 31, 2014	**3,218,466**	**5,186,036**	**8,404,502**

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in Note 3, Segments.

The cash flows and comprehensive income of the joint ventures are presented below:

	Raízen Energia		Raízen Combustíveis	
	December 31, 2014	Nine months ended december 31, 2013	December 31, 2014	Nine months ended december 31, 2013
Cash flow				
Operating activies	3,200,792	485,843	682,720	559,917
Investing activities	(2,458,231)	(1,456,505)	981	349,623
Financing activities	842,905	269,644	(839,223)	(719,261)
(Decrease) increase in cash and cash equivalents	**1,585,466**	**(701,018)**	**(155,522)**	**190,279**
Other comprehensive loss income	**30,239**	**(214,998)**	**1,078,945**	**721,444**

Pursuant to the terms of the Raízen Joint Venture - Framework Agreement, Cosan is responsible for certain legal proceedings that existed prior to the formation of Raízen, net of judicial deposits as of April 1, 2011, as well as tax installments under the REFIS (tax amnesty and refinancing program), recorded in "Other taxes payable". Additionally, Cosan has access to a credit line (stand-by facility) granted to Raízen in the amount of US$500 million, which was unused at December 31, 2014.

12 Investment property and Assets held for sale

The balance of Investment property and Assets held for sale are as follow:

	Investment property	Assets held for sale	Total
At December 31, 2013	2,281,509	314,104	2,595,613
Change in fair value	112,579	19,118	131,697
Transfers [(i)]	247,890	(247,890)	-
Disposals	-	(60,243)	(60,243)
At December 31, 2014	**2,641,978**	**25,089**	**2,667,067**

(i) Land withdrawn from sale and reclassified back to investment properties as objectives not met in commercial negotiations.

Investment properties include agricultural land located in the Southeast, Midwest and Northeast regions of Brazil, which are leased to third parties and jointly controlled entities. The leases agreement have an average term of 18 years for the cultivation of sugarcane and 10 years for grain, the annual value of the leases indexed variations in commodity prices.

13 Property, plant and equipment

	Consolidated						Parent Company
	Land, buildings and improvements	Machinery, equipment and facilities	Railcars and locomotives	Construction in progress	Other	Total	Total
Cost							
At December 31, 2013	**447,240**	**359,262**	**436,064**	**284,262**	**35,100**	**1,561,928**	**32,591**
Additions	114	4,888	-	293,376	-	298,378	4,377
Disposals	(11)	(2,077)	-	5	(1,008)	(3,091)	-
Transfers (i)	55,612	115,258	5,380	(294,221)	4,261	(113,710)	(3,590)
Partial Spin-off	(331,826)	(401,309)	(441,444)	(126,914)	(6,113)	(1,307,606)	-
At December 31, 2014	**171,129**	**76,022**	**-**	**156,508**	**32,240**	**435,899**	**33,378**
Depreciation							
At December 31, 2013	**(80,419)**	**(153,996)**	**(41,584)**	**-**	**(14,019)**	**(290,018)**	**(4,468)**
Additions	(13,240)	(28,606)	(10,259)	-	(4,593)	(56,698)	(2,246)
Disposals	10	991	-	-	926	1,927	-
Transferências (i)	4	(4)	-	-	-	-	-
Partial Spin-off	58,236	146,790	51,843	-	3,456	260,325	-
At December 31, 2014	**(35,409)**	**(34,825)**	**-**	**-**	**(14,230)**	**(84,464)**	**(6,714)**
At December 31, 2013	**366,821**	**205,266**	**394,480**	**284,262**	**21,081**	**1,271,910**	**28,123**
At December 31, 2014	**135,720**	**41,197**	**-**	**156,508**	**18,010**	**351,435**	**26,664**

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

14 Intangible assets

	Consolidated					
	Goodwill	**Concession intangible asset - COMGÁS**	**Improvements in public concessions and operation licenses**	**Trademarks**	**Related customer relationships**	**Other**
Cost						
At december 31, 2013	703,956	8,307,282	751,555	252,474	719,186	200,825
Additions	-	502,942	-	-	149,236	22,554
Disposals	-	(19,539)	-	-	(6,773)	11
Transfers (i)	-	(675)	109,740	-	675	3,970
Partial Spin-off	(100,451)	-	(866,709)	-	-	(4,066)
At december 31, 2014	**603,505**	**8,790,010**	**(5,414)**	**252,474**	**862,324**	**223,294**
Amortization						
At december 31, 2013	-	(306,437)	(102,119)	(114,132)	(273,120)	(61,430)
Additions	-	(343,956)	(28,965)	(22,830)	(155,582)	(45,406)
Disposals	-	13,663	-	-	3,420	-
Partial Spin-off	-	-	136,498	-	-	323
At december 31, 2014	**-**	**(636,730)**	**5,414**	**(136,962)**	**(425,282)**	**(106,513)**
At december 31, 2013	**703,956**	**8,000,845**	**649,436**	**138,342**	**446,066**	**139,395**
At december 31, 2014	**603,505**	**8,153,280**	**-**	**115,512**	**437,042**	**116,781**

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

Capitalization of borrowing costs

Capitalized borrowing costs for period ended on December 31, 2014, amounted to R$ 20,891 (R$ 25,283 for nine months p 2013). The weighted average interest rate used to capitalize borrowing costs on the balance of construction in progress, was 10 on December 31, 2014 (8.32% p.a. for the nine months ended on December 31, 2013).

Intangible assets (excluding goodwill)	Annual rate of amortization - %	December 31, 2014	December 31, 2013
Concession intangible asset - COMGÁS [(a)]	Over the concession term	8,153,280	8,000,845
Improvements to public grants [(b)]	Over the concession term	-	387,245
Operating license for port terminal [(c)]	4.00	-	262,191
		-	**649,436**
Trademarks			
Mobil	10.00	91,308	114,138
Comma	-	24,204	24,204
		115,512	**138,342**
Relationship with customers:			
Comgás	20.00	375,118	375,184
Lubrificantes	6.00	61,924	70,882
		437,042	**446,066**
Other			
Licença de software	20.00	81,408	91,695
Other		35,373	47,700
		116,781	**139,395**
Total		**8,822,615**	**9,374,084**

(a) Refers to the concession intangible asset for the public gas distribution service, which represents the right to charge users for the supply of gas and it is comprised of: (i) the concession rights recognized in the business combination and (ii) concession assets as disclosed;
(b) Refers to improvements made to the Federal Government rail network in relation to the transportation provided by Rumo; and
(c) Port operations license and customer relationships of Rumo, from the business combinations.

Impairment testing for cash-generating units containing goodwill

The Company tests annually the recoverable amounts of goodwill arising from business combination transactions. Property, plant and equipment and definite life intangible assets that are subject to depreciation and amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

During the period ended December 31, 2014, no impairment indicators was identified that would require the performance of an impairment test.

The combined carrying amounts of goodwill allocated to cash generating units are as follows:

	Consolidated	
	December 31, 2014	December 31, 2013
Cash-generating unit - Rumo	-	100,451
Cash-generating unit - Lubricants	603,462	603,462
Cash-generating unit Cosan - Other Business	43	43
Total goodwill	**603,505**	**703,956**

Recoverable amount is determined by reference to the value in use, using the discounted cash flows model based on management‟s estimated budget information which takes into consideration assumptions related to each business, using market available information as well as previous performance. Discounted cash flows are estimated for a period of 5 to 10 years and perpetuity assuming a real growth rate. Management considers appropriate to estimate cash flows for a period longer than 5 years as this reflects the estimated period for use of the asset groups and businesses involved.

The main assumptions and estimated involved are the following: (i) Rumo: estimates in relation to the Brazilian sugar production market, mainly exportable volumes; storage capacity; costs related to shipping services and port operations (stevedoring, charges and regulatory fees), (ii) Lubricants: expected growth in operations based on expected segmented GDP and other macroeconomic factors, as well as expected sales price of commodities.

Future cash flows are discounted using discount rates between 7.5% and 11.5% (weighted average cost of capital) that reflect specific risks relating to the significant assets in each cash-generating unit.

The impairment test performed as of December 31, 2014 did not result in the need to recognize impairment losses on the carrying value of intangible assets or goodwill. The determination of the recoverability of assets depends on certain key assumptions as described above which are influenced by current market, technological and economic conditions. These tests are not indicative of future impairment losses and/or whether they would be material.

15 Loans and borrowings

	Interest		Parent company		Consolidated		
Description[a]	**Index[b]**	**Interest rate[c] (%)**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**Maturity date**
Senior Notes Due 2018	Pre-fixed	9.50	-	-	874,494	873,589	Mar-18
Senior Notes Due 2023	Dollar (US$)	5.00	-	-	1,352,796	1,086,716	Mar-23
BNDES	TJLP	7.75	-	-	288,209	526,716	Oct-18
BNDES	SELIC	14,17	-	-	274,000	159,894	Oct-20
BNDES	TJ462	7.80	-	-	834,565	525,636	Oct-20
Perpetual notes	Dollar (US$)	8.25	-	-	1,344,760	1,186,221	-
Credit notes	110% CDI	-	-	393,646	-	393,646	-
FINAME	Pre-fixed	5,50	-	-	224	277,298	Sep-18
FINAME	URTJLP	-	-	-	-	428,916	-
Resolution 4131	Dollar (US$)	1,18	-	-	29,338	-	Aug-15
Resolution 4131	Dollar (US$) + Libor	1,59	266,006	-	266,006	-	Nov-15
Leasing	CDI	-	-	-	-	1,068	-
Foreign loans	LIBOR UK semiannual	3,88	-	-	224,047	209,340	Dec-19
EIB	Dollar (US$) + Libor	2,07	-	-	691,463	633,223	Sep-21
Resolution 4131	Dollar (US$) + Libor	2.72	-	-	466,494	413,477	Feb-18
Debentures	CDI	-	-	1,443,941	-	1,443,941	-
Non-convertible debentures	CDI	11.81	-	-	131,229	164,144	Sep-19
Debentures	Fixed rate+IPCA	11.98	-	-	447,386	417,230	Sep-20
FINEP	Pre-fixed	5.00	-	-	165,032	89,104	Nov-20
Other			-	-	7,559	-	
			266,006	**1,837,587**	**7,397,602**	**8,830,159**	
Current			**266,006**	**455,673**	**856,334**	**987,596**	
Non-current			**-**	**1,381,914**	**6,541,268**	**7,842,563**	

(a) Loans and borrowings are guaranteed by promissory notes and endorsements of the Company and its jointly-controlled entities and controlling shareholders, besides other guarantees, such as: (i) credit rights originating from energy contracts (BNDES), (ii) CTN and land mortgages (PESA), and (iii) underlying assets (Property, plant and equipment and Intangible assets) being financed (FINAME);

(b) TJLP and URTJLP are long-term interest rates set on loans by the BNDES, the Brazilian National Economic and Social Development Bank. Selic is the benchmark interest rate set by the Central Bank of Brazil. CDI is a benchmark interbank lending rate in Brazil. IPCA is a benchmark consumer price index.

(c) At December 31, 2014, except where otherwise indicated.

The carrying amounts and fair value of loans and borrowings:

	Carrying amount		Fair value	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Senior / perpetual notes	3,572,050	3,174,894	3,356,788	2,977,658
Financing	3,825,552	5,655,265	3,825,552	5,655,266
Total	**7,397,602**	**8,830,159**	**7,182,340**	**8,632,924**

The carrying amounts of loans and borrowings are denominated in the following currencies:

	Consolidated	
	December 31, 2014	December 31, 2013
Brazilian Real	3,022,699	5,278,084
Pound Sterling	224,047	209,340
US Dollar	4,150,856	3,342,735
Total	**7,397,602**	**8,830,159**

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
13 to 24 months	-	-	463,376	537,466
25 to 36 months	-	-	706,300	525,217
37 to 48 months	-	-	1,735,088	650,006
49 to 60 months	-	-	543,686	1,626,222
61 to 72 months	-	634,382	371,420	1,101,334
73 to 84 months	-	747,532	41,371	1,071,570
85 to 96 months	-	-	-	65,043
Thereafter	-	-	2,680,027	2,265,705
	-	**1,381,914**	**6,541,268**	**7,842,563**

Senior Notes Due in 2018

On March, 2013 , the Company issued Senior Notes in the international market under "Regulation S" and "Rule 144A" in the amount of R$850,000, bearing and annual interest of 9.5%, payable semiannually in September and March of each year..

Senior Notes Due in 2023

On March 14, 2013, the Company issued Senior Notes in the international capital market under "Regulation S" and "Rule 144A" in the amount of US$500,000 thousand, bearing annual interest of 5%, payable semiannually in September and March of each year. Cross-currency interest rate swaps have been entered into to mitigate the Company"s exposure to interest rate and foreign exchange risks.

BNDES

Refers to the financing of expansion of the logistics segment and gas distribution.

Perpetual Notes

On November 5, 2010 and July 13, 2011 Cosan Overseas Limited issued US$500,000 thousand of perpetual notes in the international capital market under "Regulation S", bearing annual interest of 8.25%, payable quarterly. Cross-currency interest rate swaps have been entered into to mitigate the Company"s exposure to interest rate and foreign exchange risks.

FINAME

Refers to FINAME funding (Federal Government Machinery and Equipment Financing Program), through various financial institutions, intended to be used for investments in property, plant and equipment and intangible assets. Interest is payable monthly and the principal is secured by liens on the financed assets.

Foreign currency loans

On December 22, 2014, Cosan amended Cosan Lubes investment loan; including a 30-month grace period. The loan will mature in December 2019. The original loan was disbursed in 2012, for a principal amount of £54,000 thousand to finance the acquisition of Comma Oil and Chemicals Limited.

EIB - European Investment Bank

Refers to loans denominated in U.S. Dollars, bearing interest at LIBOR and maturing in 2021. Cross-currency interest rate swaps have been entered into to mitigate the Company"s exposure to interest rate and foreign exchange risks. The funds were used to expand and support the natural gas distribution network.

Resolution 4131

These are funds raised outside of Brazil with several financial institutions, maturing through 2017, to finance COMGÁS"s cash flow needs, including: (i) from the The Bank of the Nova Scotia, maturing through 2015, bearing annual interest of 1.18%, to finance Cosan Lubrificantes e Especialidades S.A. ´s cash flow needs; and (ii) from Bank of America, N.A., maturing through 2015, bearing annual interest of LIBOR+1.35%, to finance Cosan S.A.´s cash flow needs.

Non-convertible debêntures

On August 5, 2008, COMGÁS concluded the placement of a simple non-convertible debentures, indivisible at a par value of R$100,000. On August 2012 and 2013 the Company repaid accumulated total of 66.66% of the principal. The remaining amortization of the principal will occur in September 2019.

FINEP

In November 2012, Cosan Biomassa S.A. obtained a bank loan of R$ 89,694, maturing in January 2021. The same agreement provides for three more draw down installments, totaling R$ 254,890, bearing interest of 5% per year. These funds will be used for the development, production and marketing plan of new industrial technologies for the processing of biomass derived from sugar cane or other sources.

Promissory Notes

On March 1, 2013, COMGÁS concluded the issuance of 400 Promissory Notes at a par value of R$1,000, totaling R$400,000 with a maturity period of 270 days. The amortization of the principal and interest occurred upon maturity.

Covenants

The Company and its subsidiaries are subject to certain restrictive financial covenants set forth in existing loans and financing agreements in relation to certain financial and non-financial indicators. Covenants are required to be calculated on an annual basis, at the end of each fiscal year. As at December 31, 2014, Cosan, its subsidiaries and jointly-controlled entities were in compliance with all debt covenants.

16 Trade payables

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Natural gas suppliers	-	-	749,022	590,168
Materials and services suppliers	2,528	1,511	222,148	272,261
	2,528	**1,511**	**971,170**	**862,429**

17 Other taxes payable

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
ICMS – State VAT	-	-	66,752	77,466
INSS - Social security	667	683	1,052	2,842
PIS - Revenue tax	1,802	2,939	2,121	5,170
COFINS- Revenue tax	8,298	13,537	16,784	30,470
Tax Amnesty and Refinancing Program - REFIS [(I)]	191,396	765,642	523,801	1,075,019
Other	597	361	24,490	18,857
	202,760	**783,162**	**635,000**	**1,209,824**
Current	200,600	81,772	300,435	199,057
Non-Current	2,160	701,390	334,565	1,010,767

(i) Provisional Measure 651 was enacted through Law 13.043 on November 14, 2014, it made possible the settlement of debts in installments RFB / PGFN through the use of tax loss carryforwards, including from controlled and controlling, directly or indirectly companies, subject to the payment in cash of 30% of the balance in installments (as per article 33 of the Law). After evaluation of the financial benefits resulting from the application of this legal provision, the Company opted for paying significant portion of the debts. Thus, it was possible to settle R$ 578,182 by using R$ 404,728 of tax loss carryforwards, own and subsidiaries, R$ 145,015 in cash payment and the cancellation of R$ 28,440 of penalties and late payment interest, recorded in income in the line "Other operating income / expenses" (Note 27). The relevant documentation was filed on 28.11.2014, according to the deadline prescribed by law, COSAN is waiting for ratification by the tax authorities.

The maturities of long term taxes payable are as follows:

	Parent Company		Consolidated	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
13 to 24 months	1,124	70,701	1,124	70,701
25 to 36 months	688	70,701	688	70,701
37 to 48 months	39	70,292	39	70,292
49 to 60 months	39	69,037	39	69,037
61 to 72 months	39	68,823	39	68,822
73 to 84 months	39	68,823	39	68,822
85 to 96 months	39	68,823	39	68,822
Thereafter	153	214,190	332,558	523,570
	2,160	**701,390**	**334,565**	**1,010,767**

18 Income tax and social contribution

a) Reconciliation of income and social contribution tax expenses:

	Parent Company		Consolidated	
	December 31, 2014	Nine months ended December 31, 2013 (Restated)	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Profit (loss) before taxes	26,413	(73,583)	536,083	318,802
Income tax and social contribution at nominal rate (34%)	(8,980)	25,018	(182,268)	(108,393)
Adjustments to determine the effective rate				
Equity method investments (non taxable income)	277,880	195,643	201,269	84,161
Non-deductible expenses (donations, gifts, etc.)	(1,372)	(853)	(19,013)	(3,332)
Stock options	(4,337)	(2,242)	(4,337)	(2,242)
Interest capital - benefit	(29,448)	(53,533)	(13,380)	(15,292)
Out of period carryforward tax losses (reversals)	-	68,528	(502)	67,367
Differences in tax rates on earnings / losses of overseas companies	3,200	(20,935)	2,465	(6,788)
Differences in tax rates on entities Under Brazilian presumed profits tax regime	-	-	51,398	38,922
Nontaxable foreign exchange gains of foreign subsidiaries	-	-	2,956	1,371
Judicial demand related to income tax	-	-	13,839	-
REFIS benefits of reversals	9,973	-	9,973	-
Reversal of tax loss carryforwards - Partial Spin-off	(35,469)	-	(35,469)	-
Other	(15,279)	(24,712)	(12,417)	(11,803)
Income tax and social contribution expense (current and deferred)	**196,168**	**186,914**	**14,514**	**43,971**
Effective rate - %	**-742.69**	**254.02**	**-2.71**	**-13.79**

b) Deferred income tax on assets and liabilities

	Parent Company				
	December 31, 2014				December 31, 2013
	Basis	IRPJ	CSLL	Total	
Tax loss carryforwards:					
Income tax loss carryforwards	544,987	136,247	-	136,247	115,971
Social contribution tax loss carryforwards	556,411	-	50,077	50,077	41,759
Temporary differences:					
Foreign currency gains/losses	791,660	197,915	71,249	269,164	152,767
Tax deductible goodwill	(64,185)	(16,046)	(5,777)	(21,823)	(21,778)
Provision for judicial demands	197,915	49,479	17,812	67,291	61,217
Allowance for doubtful accounts	23,476	5,869	2,113	7,982	15,190
Profit sharing	15,455	3,864	1,391	5,255	3,470
Derivatives instrumets unrealized gains	(362,913)	(90,728)	(32,662)	(123,390)	(42,568)
Unrealized gain on sale of investments	(55,211)	(13,803)	(4,969)	(18,772)	(30,894)
Other temporary differences	3,609	902	325	1,227	1,246
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,043)
Other	(125,094)	(31,274)	(11,258)	(42,532)	(70,049)
Total net liability		**(592,161)**	**(212,150)**	**(804,311)**	(908,712)

	Consolidated				
	December 31, 2014				December 31, 2013
	Basis	IRPJ	CSLL	Total	
Tax loss carryforwards:					
Income tax loss carryforwards	1,274,381	318,595	-	318,595	282,656
Social contribution tax loss carryforwards	1,293,018	-	116,372	116,372	102,410
Temporary differences:					
Foreign currency gains/losses	892,613	223,153	80,335	303,488	11,603
Tax deductible goodwill	852,073	213,018	76,687	289,705	514,893
Provision for judicial demands	526,959	131,740	47,426	179,166	194,985
Allowance for doubtful accounts	134,660	33,665	12,119	45,784	54,258
Profit sharing	23,228	5,807	2,091	7,898	67,057
Derivatives instrumets unrealized gains	(371,622)	(92,906)	(33,446)	(126,352)	107,489
Unrealized gain on sale of investments	(55,211)	(13,803)	(4,969)	(18,772)	(30,894)
Other temporary differences	76,685	19,171	6,902	26,073	(38,897)
Gain on formation of Joint Venture	(3,338,341)	(834,585)	(300,451)	(1,135,036)	(1,135,044)
Unrealized gains on investment properties	(2,428,595)	(48,572)	(26,229)	(74,801)	(70,309)
Assets held for sale	(25,090)	(502)	(271)	(773)	(9,636)
Accelerated Depreciation	-	-	-	-	(28,017)
Concession contract	44,284	11,071	3,986	15,057	11,579
Regulatory asset	242,654	60,664	21,839	82,503	118,228
Gains or losses on actuarial liabilities	257,630	64,408	23,187	87,595	41,593
Business combination - Property and equipment	(27,759)	(6,940)	(2,498)	(9,438)	(38,098)
Business combination - Intangible assets	(3,839,997)	(959,999)	(345,600)	(1,305,599)	(1,441,910)
Business combination – Other fair value adjustments	(72,097)	(18,024)	(6,489)	(24,513)	(17,706)
Other	(312,762)	(78,191)	(28,149)	(106,340)	(162,674)
Total net liability		**(972,230)**	**(357,158)**	**(1,329,388)**	**(1,466,434)**
Deferred income tax – Assets				213,288	232,188
Deferred income tax - Liabilities				(1,542,676)	(1,698,622)
Total net deferred taxes				**(1,329,388)**	**(1,466,434)**

c) Recoverability of deferred tax assets

In assessing the recoverability of deferred tax assets, management estimates future taxable income and the timing of reversal of the temporary differences. When it is more likely than not that a part or all of the deferred tax assets are not recoverable a provision allowance is recorded. Under Brazilian tax law, tax loss carry forwards do not expire, however, their use is limited to 30% of annual taxable income.

At December 31, 2014, the Company expects to realize deferred taxes on loss carry forwards on income tax and social contribution as follows:

	Consolidated
	December 31, 2014
No later than 1 year	6,646
Later than 1 year and no Later than 5 years	64,427
Later than 5 years	362,179
Total	**433,252**

d) Changes in deferred income taxes (net):

	Controladora	Consolidado
At december 31, 2013	(908,712)	(1,466,434)
Deffered tax recorded in Proft or Loss	228,450	135,426
Deferred taxes recognized in Cosan Logistics proft or loss	-	(17,837)
Others comprehensive income	-	(19,297)
Cost of issuance of preferred shares in subsidiary	-	18,450
Use of tax loss carryforward – REFIS	(124,858)	(173,559)
Partial Spin-off	-	190,805
Other	809	3,058
At december 31, 2014	**(804,311)**	**(1,329,388)**

The Company and its subsidiaries opted for the RTT (Tax regime transition) in the year 2014 and 2013. RTT enables the legal entity to eliminate the accounting effects of Law 11,638/07 and 11,941/09 (basis law for adoption of IFRS for Brazilian companies), through records in the LALUR (Book of Calculation of Taxable Income) and auxiliary controls.

On May 13, 2014 was published the Law 12,973, repealing RTT and dispose for the taxation of profits earned abroad by residents of Brazil among others. The standard establishes which adjustments must be made in the ledger and accounting records for the determination of the calculation basis of income tax and social contribution. Ending the use of RTT is optional for 2014 period and mandatory from 2015.

The Company completed the analysis of the impacts related to adoption of this Law, both in its financial statements, as in its internal control structure. Whereas the result of this analysis showed no material tax effects, the Company decided to not anticipate the adoption of new legislation rules in the year 2014.

19 Provision for legal proceedings

	Provision for legal proceedings			
	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Tax	72,614	75,579	341,213	410,890
Civil	48,081	46,608	139,256	146,011
Labor	132,677	132,283	163,932	165,557
	253,372	**254,470**	**644,401**	**722,458**

Judicial deposits as at December 31, 2014, and December 31, 2013, are as follow:

	Judicial deposits			
	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Tax	199,927	178,807	314,320	294,991
Labor	12,766	11,021	28,124	33,659
Civil and enviromental	23,546	18,784	46,270	32,904
	236,239	**208,612**	**388,714**	**361,554**

Changes in provision for judicial demands:

	Parent Company			
	Tax	Civil	Labor	Total
At December 31, 2013	**75,579**	**46,608**	**132,283**	**254,470**
Provisions	7,574	7,278	71,546	86,398
Settlement / Write-Offs	(10,147)	(10,942)	(74,620)	(95,709)
Monetary variation	(392)	5,137	3,468	8,213
At December 31, 2014	**72,614**	**48,081**	**132,677**	**253,372**

	Consolidated			
	Tax	Civil	Labor	Total
At December 31, 2013	**410,890**	**146,011**	**165,557**	**722,458**
Provisions	11,712	90,966	85,138	187,816
Settlement / Write-Offs	(89,755)	(26,467)	(80,459)	(196,681)
Monetary variation	9,913	6,842	4,136	20,891
Partial Spin-off	(1,547)	(78,096)	(10,440)	(90,083)
At December 31, 2014	**341,213**	**139,256**	**163,932**	**644,401**

a) Tax claims

Legal proceedings in relation to tax payments, as at December 31, 2014 and December 31, 2013, are as follow:

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Compensation with FINSOCIAL [(i)]	-	-	241,739	230,775
IPC - 89 [(ii)]	-	-	-	74,879
INSS [(iii)]	44,332	43,313	46,660	46,291
ICMS credits [(iv)]	22,931	19,454	24,231	20,114
PIS and COFINS	873	1,606	4,704	6,541
IPI	1,027	993	1,027	993
IRPJ and CSLL	329	329	329	329
Others	3,122	9,884	22,523	30,968
	72,614	**75,579**	**341,213**	**410,890**

(i) During the period from October 2003 to November 2006 the subsidiary Cosan CL offset the FINSOCIAL tax against several other federal taxes, based on a final court decision in September 2003 following a decision that challenged the constitutionality of the FINSOCIAL. No judicial deposits were made for these processes.

(ii) In 1993, Cosan Lubrificantes e Especialidades ("Cosan CLE") filed a lawsuit to challenge the balance sheet restatement index ("IPC") established by the Federal Government in 1989, considering that this index did not reflect the actual rate of inflation. The use of this index led the Company to overpay income and social contribution taxes. Cosan CLE obtained a favorable preliminary court ruling that allowed it to recalculate its financial position, using indices that better reflected the actual inflation over the period. In doing so the Company adjusted the amounts of income and social contribution taxes payable and offset the overpayments in subsequent years until 1997. Despite the favorable court rulings, the tax authorities issued a notice of infringement to the Company challenging all of the taxes that were offset. As the contingency is now considered to be a remote loss, the provision of R$ 75,144 was reversed and R$ 13,839 was recorded under income tax expense for previous years and interest of the R$ 61,305 for legal fees.

(iii) It mainly includes amounts related to social security contributions levied on income, pursuant to art. 22a of Law 8.212/91, whose constitutionality is being challenged in court. Judicial deposits have been made for the corresponding amounts.

(iv) A considerable portion of the amount accrued as ICMS was paid in cash under the provisions of Decree Nº 58,811 issued on December 27, 2012, which established the State of São Paulo Special Installment Program of ICMS (a.k.a. PEP-ICMS). The amounts that have been provisioned refer to tax assessments by the tax authorities related to several types of ICMS credits. Amongst them: (a) assessment notice related to ICMS payments in the purchase of raw materials which are considered for "use and consumption", therefore, not eligible for compensation, (b) Assessment, as solidary debtor, for disregarding withholding obligations of ICMS taxes in relation to a tolling agreement, arising from an agricultural partnership signed between the Company"s sugarcane plants and Central Paulista Ltda. Açúcar e Álcool.

b) Civil and environmental

The Company and its subsidiaries are parties to a number of civil legal claims related to (i) indemnification for material and moral damages, (ii) public civil claims related to burning of sugarcane stubble, and (iii) environmental matters.

The Company and its subsidiaries are also parties to a number of labor claims filed by former employees and service providers challenging, among other things, unpaid overtime, night shift premiums and risk premiums, employment guarantees, and the reimbursement of withholdings from payroll such as social contributions and trade union charges, among other.

Judicial claims deemed as possible losses, and therefore not accrued

a) Tax claims

Tax claims for which an unfavorable outcome is deemed possible and, therefore, not provisioned are as follow:

	Parent Company		Consolidated	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
ICMS - State VAT [(i)]	1,252,291	959,125	1,572,934	1,258,648
IRRF - Whithholding tax [(ii)]	1,161	2,049	656,087	608,563
Federal income taxes [(iii)]	296,356	243,853	750,500	694,498
INSS - social security [(iv)]	500,126	473,795	529,763	499,776
IPI - Excise tax [(v)]	385,306	400,546	441,707	430,981
PIS and COFINS - Revenue taxes [(vii)]	609,154	411,991	680,065	483,469
Compensation with IPI - IN 67/98 [(vii)]	118,865	115,004	118,865	115,004
Other	471,326	514,869	632,090	596,311
	3,634,585	**3,121,232**	**5,382,011**	**4,687,250**

(i) ICMS State VAT

State VAT: Refers mainly to (i) Tax assessments filed against the Company for unpaid ICMS and non-compliance with accessory obligations, in connection with the partnership and manufacturing upon demand, with Central Paulista Açúcar e Álcool Ltda., between May to December 2006 and May to December 2007, (ii) ICMS levied on the remittances for the export of crystallized sugar, which the Company understands are tax exempted. However, the tax authorities, classify crystallized sugar as a semi-finished product therefore, subject to ICMS taxation and (iii) Penalties related to the withholding of ICMS taxes on the sale of ethanol to customers residing in other states, (iv) ICMS withholdings rate differences on the sale of ethanol to companies located in other states, which subsequently had their tax registrations revoked, and (v) disallowance of ICMS tax credits in the sale of diesel fuel to customers engaged in the agroindustrial business. The State Tax Administration understands that because the diesel fuel sold is for agricultural use, which is not Company"s core business, ICMS cannot be compensated and (e) ICMS payments on inventory differences arising from erroneous calculations by the State Tax Administration; e (f) requirement of ICMS due to disallowance of credits originating goods of takeovers that after the operations, had their registrations revoked. It turns out that the state tax authorities, despite the company's good faith proven, dismissed the existing evidence and declared retroactively, the unsuitability of the corresponding invoices, contrary to the Supreme Court Precedent 509.

(ii) IRRF

In June 2013, the Company received an assessment notice issued for the payment of income tax withheld at source (in Portuguese "IRRF") in the amount of R$ 833,851. It was allocated to the Company's liability for the IRRF, as the tax payer, due to a result of an alleged capital gain arising from the acquisition of assets of companies located abroad. Company is challenging this tax assessment at the administrative level and, together with its legal advisors classified the chances of loss as possible the amount of R$ 617,995. But the amount of R$ 216,855 on the part of the fine, is classified as remote

(iii) Income taxes – Assessment notice

(a) In December 2011, the Company received an assessment notice claiming unpaid income and social contribution taxes for the period from 2006 to 2009, for an amount of R$ 461.842 (mar/14). Such claim is based on the following: (i) tax benefits that arose from the deduction of goodwill amortization, (ii) the offsetting of tax carry forwards and (iii) taxes on revaluation differences of the property, plant and equipment. The Company filed its defense in January 2012 and has classified any potential loss as possible, consistent with the opinion of its legal advisors. The Company quantified such possible loss in the amount of R$ 229.443. (b) In June 2013, the Company received an assessment notice claiming unpaid income and social contribution taxes for the period from 2009 to 2011, for an amount of R$ 417.975,

corresponding to the deduction of goodwill amortization. The Company challenged this assessment and has classified any potential loss as possible, consistent with the opinion of its legal advisors. The Company has quantified any possible loss in the amount of R$ 306.907 and a remote loss in the amount of R$ 111.068 in relation to the payment of fines.

(iv) INSS

The legal proceeding related to INSS payment with possible unfavorable outcome involve the following: (a) The legality and constitutionality questioning of the Normative Instruction MPS/SRP Nº 03/2005, which restricted the constitutional immunity over social contributions incidental over export revenues through direct sales, in a way that exports made via trading companies are now taxed by those contributions; (b) Assessment of SENAR (Rural apprenticeship scheme) social contribution on direct and indirect exports, in which the Brazilian IRS disregards the right to constitutional immunity, (c) Assessment of social security contribution over internal market resale of merchandises or even to third parties, which are not included in the calculation of the social security contributions tax basis, which should only incident over gross revenue arising from the establishment"s effective production and not over acquired merchandises.

(v) IPI

Federal VAT: SRF Normative Instruction no 67/98 approved the procedures adopted by the industrial establishments which performed remittances without registration and payment of IPI, in relation to transfers of sugarcane carried out between July 6, 1995 and November 16, 1997 and of refined sugar between January 14, 1992 and November 16, 1997.

(vi) PIS-COFINS

Refers mainly to the reversal of PIS and COFINS credits, provided by Laws 10.637/2002 and 10.833/2003, respectively. Those reversals arise from a differing interpretation of the laws by the tax authorities in relation to raw materials. These discussions are still at the administrative level. There are also questions regarding the constitutionality of broadening the base of the PIS / COFINS conveyed by Law 9.718/98. Worth noting that the Supreme Court already pacified this issue, judging such unconstitutional exaction.

(vii) Offsettings against IPI credits – IN 67/98

SRF Normative Instruction no. 67/98 allowed the refunding of IPI tax payments for sales of refined sugar from January 14, 1992 through November 16, 1997. Consequently the Company applied for the offsetting of amounts paid during the periods against other tax liabilities. However, the tax authorities denied its application for both the reimbursement and offsetting of these amounts. The Company has challenged this ruling in an administrative proceeding.

b) Civil and labor

The main civil and labor claims for which unfavorable outcomes are deemed possible are as follow:

	Parent Company		Consolidated	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Civil	392,870	350,359	1,100,612	832,311
Labor	326,298	368,210	347,615	502,697
	719,168	**718,569**	**1,448,227**	**1,335,008**

Receivables from legal proceedings

The Company recognized a gain of R$ 69,951 in December, 2013 and R$ 318,358 in 2007, corresponding to a lawsuit filed against the Federal Government, claiming indemnification for the pricing of products, at the time when the industry was subject to government price control, which were established at a level that was not compatible to the economic reality of the sector. Final judgment was passed in favor of the Company. The gain was recognized in income of the corresponding year, with a corresponding receivable in "Other non-current assets".

At December 31, 2014, the asset recorded for the indemnity lawsuit and corresponding provision for attorney fees totaled R$460,103 and R$56,581 (R$496,009 and R$59,921 as at December 31, 2013), in "other assets" and "other liabilities" respectively. The fair value of the asset is equivalent to the carrying amount.

20 Preferred non-controlling interests payable

At June 27, 2014, Cosan transferred all its common shares issued by Raízen Energia S.A. and Raízen Combustíveis S.A. and debts, net of cash, totaling nearly R$1,979,519, represented by debentures and a working capital facility, to its subsidiary Cosan Investimentos e Participações S.A..

On June 27, 2014, Cosan executed an Investment and Other Terms Agreement with Fundo de Investimentos em Participações Multisetorial Plus II ("FIP Multisetorial Plus II"), and with Razac Fundo de Investimentos em Participações ("FIP Razac"). Therewith, FIP Multisetorial and FIP Razac subscribed non-voting preferred shares issued by Cosan Investimentos e Participações S.A. for the amount of R$2,000,000, retad to financial liabilities in these financial statements.

The financial liability shall be measured taking into account the "outstanding balance" the value of the initial investment plus the updated CDI deducted from dividends paid (also updated by CDI). The Company has the obligation to make payment to the Investors if the updated value of the contribution is not paid until April 30, 2021.

21 Equity

a. Common stock

The authorized common stock may be increased up to the limit of R$ 6,000,000, regardless of statutory, by resolution of the Board of Directors, who have the power to fix the number of shares to be issued, the issue price and other conditions of subscription and payment of shares within the authorized capital.

Subscribed and fully paid capital as of December 31, 2014 and December 31, 2013 is represented by 407,214,353 common shares, without par value.

b. Statutory reserve

The Statutory reserve aims to strengthen the working capital to finance the maintenance, expansion and development of the activities that make up the objects of the Company and / or its subsidiaries.

This special reserve shall be composed of up to 75% of net income for each period performed after the other profit reserves and up to the limit of 100% of the common stock.

c. Dividends

The dividends will be subject to approval at the next Annual General Meeting to be held in April 2014.

	December 31, 2014
Profit for the year	292,023
Legal reserve – 5%	(14,601)
Calculation basis for dividend distribution	**277,422**
Minimum mandatory dividends – 25%	(69,356)
Additional dividends distributed in advance	(80,644)
Retained Earnings	**127,422**

d. Unrealized profit reserve

The Unrealized Profit Reserve was established in the year ended March 31, 2012 when the amount of the mandatory dividend, calculated under art. 202 of Law no. 6.404/76, as amended, exceeds the realized portion of net income, which was obtained by the net income for that year reduced by the (i) net profit of equity and (ii) the profits, income or net gain on operations assets and liabilities at market value, the period of realization will occur in the next financial year.

e. Share repurchase program

On June 11, 2013, the Board of Directors approved the repurchase of shares of the Company to be held in treasury, canceled or sold. The deadline for completion of the transaction is 365 days and the maximum shares that can be repurchased in the period was 4,600,000 common shares (representing 1.129626% of the total number of shares).

Until the period ended at December 31, 2014 there was no repurchase share.

Until the period ended on December 31, 2014, were exercised options related to the Plan of Action, in which 1,818,000 treasury shares were delivered to the beneficiaries (682,000 on December 31, 2013).

In December 31, 2014, the Company had 1,357,539 treasury shares, whose market price was R$ 28.85 (R$ 39.58 on December 31, 2013).

f. Other comprehensive income

	31/12/2013	Comprehensive income	December 31, 2014
Foreign currency translation differences - equity - accounted investee	(240)	(23,353)	(23,593)
Gain (loss) on cash flow hedge	43,385	(54,071)	(10,686)
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	190,735
Defined benefit plan actuarial gain (losses)	(7,546)	31,013	23,467
Available for sale financial assets from securities	16,126	6,446	22,572
Total	**242,460**	**(39,965)**	**202,495**
Attributable to:			
Owner of the Cosan	221,351	(46,053)	175,298
Non-controlling interests	21,109	6,088	27,197

	March 31, 2013	Comprehensive income	31/12/2013
Foreign currency translation differences - equity - accounted investee	20,720	(20,960)	(240)
Gain (loss) on cash flow hedge	49,810	(6,425)	43,385
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	190,735
Defined benefit plan actuarial gain (losses)	(35,555)	28,009	(7,546)
Available for sale financial assets from securities	7,048	9,078	16,126
Total	**232,758**	**9,702**	**242,460**
Attributable to:			
Owner of the Cosan	227,854	(6,503)	221,351
Non-controlling interests	4,904	16,205	21,109

22 Earnings per share

Earnings per share is computed by dividing net income by the weighted average ordinary shares outstanding during the year average number. Diluted earnings per share is calculated by adjusting average shares outstanding and reflects the conversion of all potentially dilutive options.

The following table sets forth the computation of earnings per share for the periods ended on December 31, 2014 and 2013 (in thousands, except per share amounts):

Basic

	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Numerator		
Net income for the year from continued operations	222,581	113,331
Net income for the year from discontinued operations	69,442	120,819
Denominator		
Weighted average number of common share	405,856,814	404,038,814
Basic net income per share - continued operations	**R$ 0.55**	**R$ 0.28**
Basic net income per share - discontinued operations	**R$ 0.17**	**R$ 0.30**
	R$ 0.72	**R$ 0.58**

Diluted

	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Numerator		
Net income for the year from continued operations	222,581	113,331
Net income for the year from discontinued operations	69,442	120,819
Denominator		
Weighted average number of common share	405,856,814	404,038,814
Potential increase of common share	2,138,375	2,522,679
Denominator for diluted earning per share	**407,995,189**	**406,561,493**
Basic net income per share - continued operations	**R$ 0.55**	**R$ 0.28**
Basic net income per share - discontinued operations	**R$ 0.17**	**R$ 0.30**
	R$ 0.72	**R$ 0.58**

23 Commitments

a) Commitments for the acquisition of assets and regulatory targets

The Company, through its subsidiary COMGÁS, has contractual commitments for the acquisition of intangible assets amounting to R$ 13,257 at December 31, 2014 (R$ 23,687 on December 31, 2013) related to the acquisition, support and administration of the gas distribution network, as well as administrative and technology costs for the maintenance of the Company's business.

b) Lease agreements

Lessor

The Company, through its subsidiary Radar, has operating leases on agricultural land for the production of sugar cane and other grains.

The minimum lease receivables related to these agreements are calculated by the TRS and other commodities, and harvested volume per hectare as defined in contract. Revenues related to these contracts at December 31, 2014 are as follows:

	Revenues
2015	66,008
2016	65,771
2017	65,480
2018	53,277
2019	53,277
	303,813

Lessee

The Company, through its subsidiary COMGÁS has 15 lease contracts for rental of properties. Rental expense amounted to R$ 4,639 at December 31, 2014 (R$ 5,741 for the period of nine months ended on December 31, 2013).

The lease terms are for a period of one to six years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

Future minimum lease payments under non-cancelable operating leases are as follows:

	December 31, 2014	**December 31, 2013**
Obrigações brutas de arrendamento - pagamentos mínimos de arrendamento		
No later than 1 year	4,080	4,799
Later than 1 year and no later than 5 years	6,233	9,413
	10.313	**14,212**

c) Regulatory assets (liabilities)

	December 31, 2014	December 31, 2013
Cost of gas to be recovered/(transferred)	243,713	345,349
Credits of taxes to be recovered/(transferred)	(1,120)	2,517
Adjustment to present value of taxes	61	(137)
	242,654	**347,729**
Opening balance	347,729	380,894
Closing balance	242,654	347,729
Expense not recognized in the statement of income before income tax and social contribution	**(105,075)**	**(33,165)**
Regulatory assets (liabilities)	(124,495)	(59,173)
Adjustment	26,359	34,376
Other	(6,939)	(8,368)
	(105,075)	**(33,165)**

The tariffs for the supply of gas to the different customer segments are authorized by the conceding authority. In accordance with the terms of the Concession Agreement, the differences between the cost component of gas included in the tariffs charged to the customers and the actual cost of gas incurred are determined on a monthly basis and charged or credited to a regulation account (regulatory account).

Periodically, charges or credits in the tariffs are determined by the regulator with the objective of amortizing the amounts accumulated in this account.

The balance of this account is considered as an asset or as a liability, pursuant to the regulator's chart of accounts and for income tax purposes. However, this account is excluded from the financial statements prepared in accordance with accounting practices adopted in Brazil, because the respective balance is not considered as an asset or as a liability, as its realization or liquidation depends on further purchases by the Company's consumers. Therefore, the balances presented above are not recorded in these financial statements.

24 Net sales

	Consolidated	
	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Gross revenue from sales of products and services	**9,702,961**	7,133,252
Construction revenue	**481,314**	536,482
Indirect taxes and deductions	**(2,037,412)**	(1,540,906)
Net revenue	**8,146,863**	6,128,828

25 Expenses by nature

The expenses are presented in the statement of profit and loss by function. The reconciliation of income by nature/purpose for the year ended December 31, 2014, and nine months ended December 31, 2013 are as follows:

	Parent Company		Consolidated	
	December 31, 2014	Nine months ended December 31, 2013 (Restated)	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Raw materials	-	-	(4,732,046)	(3,503,491)
Employee benefit expense	(94,136)	(72,376)	(1,193,814)	(937,680)
Commercial expenses	-	(2,319)	(60,906)	(76,064)
Transportation expenses	-	-	(480,517)	(445,776)
Depreciation and amortization [2]	(2,917)	(1,840)	(564,952)	(365,625)
Other expenses	(17,863)	(1,224)	(214,129)	(112,586)
	(114,916)	**(77,759)**	**(7,246,364)**	**(5,441,222)**
Cost of sales	-	-	(5,803,359)	(4,430,786)
Selling	-	-	(881,543)	(603,965)
General and administrative [1]	(114,916)	(77,759)	(561,462)	(406,471)
	(114.916)	**(77.759)**	**(7.246.364)**	**(5.441.222)**

(1) Research and development expenses for the year was R$4,969.
(2) Not include R$16,913 presented as a deduction of net revenue (nine months ended December 31, 2013 R$14,564);

26 Financial results

	Parent Company		Consolidated	
	December 31, 2014	Nine months ended December 31, 2013 (Restated)	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Financial expense				
Interest expense	(390,517)	(401,445)	(907,843)	(731,126)
Indexation charges	(80,955)	-	(66,010)	(34,753)
Other	-	-	-	6
	(471,472)	**(401,445)**	**(973,853)**	**(765,873)**
Financial income				
Interest income	111,289	40,813	52,298	62,001
Indexation charges	15,863	6,192	22,086	10,648
Income from short term investments	13,381	14,531	109,806	65,700
	140,533	**61,536**	**184,190**	**138,349**
Foreign exchange effects, net[(I)]	**(391,858)**	**(396,729)**	**(318,984)**	**(324,121)**
Derivative income (losses)				
Commodities derivatives	-	-	1,353	-
Exchange rate and interest rate derivatives	138,362	188,146	161,405	237,649
	138,362	**188,146**	**162,758**	**237,649**
	(584,435)	**(548,492)**	**(945,889)**	**(713,996)**

(I) Includes gains (and losses) on foreign exchange rates relating to assets and liabilities denominated in foreign currency.

27 Other income (expense), net

	Parent Company		Consolidated	
	December 31, 2014	Nine months ended December 31, 2013 (Restated)	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Recovery taxes program	23,380	(83,909)	23,380	(93,622)
Provisions for legal proceedings	(73,292)	-	(83,060)	(7,788)
Profit on disposal of non-current assets	-	(866)	(10,835)	-
Costs to operation transactions [(i)]	(115,489)	-	(115,489)	-
Changes in the fair value of investment properties	-	-	131,697	125,322
Gain on REFIS liability payment	28,440	-	28,440	-
Other	45,430	62,024	15,372	73,747
	(91,531)	**(22,751)**	**(10,495)**	**97,659**

(i) Relates to costs incurred by the Company with lawyers, consultants, business advisors and other related services for certain internal reorganizations and prospective acquisitions.

28 Discontinued operations

On October 1, 2014 in the Extraordinary General Meeting (EGM) it was considered and approved the partial spin-off and merger of the spun-off portion into Cosan Logística S.A, which corresponds to the Company‟s logistics operations.

On September 30, 2014, the amount of the spun-off portion merged into Cosan Logística S.A had the book value of R$ 975,854. Due to the partial spin-off, all of the shares issued by Cosan Logística S.A, previously held by the Company, were canceled and subsequently 405,856,814 new Cosan Logística S.A‟s shares were issued to the shareholders of Company in the proportion of 1:1. Shares of Cosan Logistics were admitted to trading on the Novo Mercado da BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (“BM&FBovespa”) on October 6, 2014. Shareholders will have the same political and economic privileges that those conferred by their currently Company‟s share, without any distinction among investors.

Due to the split, the Company's capital was reduced from the current R$ 4,691,822 to R$ 3,632,231, remaining divided into 407,214,353 registered common shares with no par value, and the total impact on the Company's equity was R$ 975,854, considering the changes set forth in item 4.4 of the Protocol and Justification of Partial Spin-Off of Cosan S.A Indústria e Comércio and the merger of the spun-off portion into Cosan Logística S.A.

See below the main reclassification of discontinued operating to the year ended on December 31, 2013:

Statement of profit or loss - For the nine months ended December 31, 2013 :

	Consolidated		
	Published	**Dicontinued Operation**	**Adjusted**
Gross profit	1,999,985	(301,943)	1,698,042
Income before financial results, equity in income of associates and income taxes	1,015,218	(229,953)	785,265
Equity in income of investees	247,533	-	247,533
Financial results	(700,309)	(13,687)	(713,996)
Income taxes expenses	(39,194)	83,165	43,971
Profit from continuing operations	523,248	(160,475)	362,773
Profit from discontinued operations, net of tax	-	160,474	160,474
Net income attributable to Owners of the Company	234,150	-	234,150

29 Financial Instruments

(a) Overview

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

- Foreign exchange rates;
- Interest rates;
- Credit risk; and
- Liquid risk.

This note presents information about the exposure of the Company and its subsidiaries to the above risks, as well as the objectives of the Company's risk management policies, the polices and processes for the measurement and management of risk, and for capital management.

(b) Risk management structure

The risks inherent to each type of business market are managed and monitored by the Company and, where applicable, risk committees are convened to discuss and determine the hedginge strategy of the Company in accordance with its policies and guidelines.

COMGÁS, maintains a Treasury policy, approved by the Board, which is revised periodically and determines the standardization and the purpose of the financial operations of the Company. In addition, this policy determines the methodology to evaluate the counterparty‟s credit risk (foreign exchange transactions, derivatives, financial investments and guarantees) and stipulate what are the financial instruments that are allowed to be used.

The risk management associated with financial transactions is performed through the application of the Treasury policy and strategies defined by the administrators of the Company. These rules provide the guidelines for the management of risks, their measurement, how to mitigate risks, forecast cash flows and also establishes exposure limits. As such, all financial operations contracted should be the best alternatives, financially and economically, and should not be entered into with speculative purposes, therefore, a financial exposure should exist to justify all financial operations.

The usage of financial instruments in order to protect against these areas of volatility is determined through an analysis of the risk exposure that management intends to cover.

As at December 31, 2014 and 2013, the fair values relating to transactions involving derivative financial instruments to protect the Company‟s risk exposure were using observable inputs such as quoted prices in active markets, or discounted cash flows based on market curves, and are presented below:

	Notional		Fair value		
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	P&L (i)
COMGÁS derivatives					
Exchange rate risk					
Exchange rate derivatives					
Swap agreements	828,442	828,442	330,097	209,532	330,098
	828,442	828,442	330,097	209,532	330,098
Company and subsidiaries derivatives					
Exchange rate risk					
Exchange rate derivatives					
Term agreements	178,129	232,220	21,250	25,713	21,250
Exchange rate risk	2,202,425	-	(8,842)	-	(8,842)
	2,380,554	232,220	12,408	25,713	12,408
Interest rate and exchange rate risk					
Swap agreements (interest rate)	221,560	181,617	(40,328)	(13,573)	(40,328)
Swap agreements (interest and exchange rate)	1,540,529	1,483,743	244,754	(36,919)	244,754
	1,762,089	1,665,360	204,426	(50,492)	204,426
Total financial instruments contracted by Company			**546,931**	**184,752**	**546,932**
Assets			**880,366**	**513,934**	
Liabilities			**(333,435)**	**(329,182)**	

(c) Foreign exchange risk

The table below shows the consolidated positions as at December 31, 2014 of derivatives used to hedge exchange rates:

Derivatives	Purchased / Sold	Market	Agreement	Maturity date	Notional (US$)	Notional (R$)	Fair Value (R$)
Composition of balance of derivative financial instruments non designated in hedge accounting							
Financial instruments contracted by COMGÁS:							
Swap/flx cx	N/A	OTC/Cetip	Cross-Cur Swap	Jun-20	10,000	18,361	8,059
Swap/flx cx	N/A	OTC/Cetip	Cross-Cur Swap	Jul-20	10,000	18,361	8,454
Swap/flx cx	N/A	OTC/Cetip	Cross-Cur Swap	Aug-20	10,000	18,361	8,231
Swap/flx cx	N/A	OTC/Cetip	Cross-Cur Swap	Sep-20	14,381	26,406	11,830
Swap/flx cx	N/A	OTC/Cetip	Cross-Cur Swap	Oct-20	40,000	73,444	32,750
Swap/flx cx	N/A	OTC/Cetip	Cross-Cur Swap	Sep-20	39,922	69,580	34,067
Swap/flx	N/A	OTC/Ceti	Cross-Cur Swap	May-21	51,400	83,145	52,610

cx Swap/flx		p OTC/Ceti					
cx Swap/flx	N/A	p OTC/Ceti	Cross-Cur Swap	May-21	20,000	32,352	20,646
cx Swap/flx	N/A	p OTC/Ceti	Cross-Cur Swap	Sep-21	30,000	49,761	29,886
cx Swap/flx	N/A	p OTC/Ceti	Cross-Cur Swap	Sep-21	42,435	70,387	42,613
cx Swap/flx	N/A	p OTC/Ceti	Cross-Cur Swap	Jul-17	75,000	153,900	37,650
cx Swap/flx	N/A	p OTC/Ceti	Cross-Cur Swap	Feb-18	50,000	99,385	29,309
cx	N/A	p	Cross-Cur Swap	Aug-18	50,000	115,000	13,993
At December 31, 2014					**443,138**	**828,442**	**330,097**
At December 31, 2013					**443,138**	**828,442**	**209,532**
Financial instruments contracted by other subsidiaries:							
Term	Purchased	OTC	NDF	Feb-15	6,188	14,497	1,996
Term	Purchased	OTC	NDF	Feb-15	4,197	8,813	2,363
Term	Purchased	OTC	NDF	May-15	6,188	14,726	2,130
Term	Purchased	OTC	NDF	May-15	4,197	8,942	2,449
Term	Purchased	OTC	NDF	Aug-15	6,188	15,003	2,220
Term	Purchased	OTC	NDF	Aug-15	4,197	9,089	2,516
Term	Purchased	OTC	NDF	Nov-15	6,188	15,254	2,334
Term	Purchased	OTC	NDF	Nov-15	4,197	9,231	2,588
Term	Purchased	OTC	NDF	Feb-15	1,395	3,668	77
Term	Purchased	OTC	NDF	Feb-15	1,529	3,915	186
Term	Purchased	OTC	NDF	Feb-15	1,618	3,929	408
Term	Purchased	OTC	NDF	Feb-15	1,817	4,338	529
Term	Purchased	OTC	NDF	Feb-15	1,586	3,890	360
Term	Purchased	OTC	NDF	Feb-15	1,520	3,604	468
Term	Purchased	OTC	NDF	Feb-15	1,761	4,229	489
Term	Purchased	OTC	NDF	Feb-15	1,654	3,863	567
Term	Purchased	OTC	NDF	Feb-15	1,652	4,133	297
Term	Purchased	OTC	NDF	Feb-15	1,631	4,317	60
Term	Purchased	OTC	NDF	Feb-15	1,419	3,875	(64)
Sub-total Term at December 31, 2014					59,120	139,318	21,970
Sub-total Term at December 31, 2013					102,971	232,220	25,713

Derivatives	Purchased / Sold	Market	Agreement	Maturity date	Notional (US$)	Notional (R$)	Fair Value (R$)
Swap	N/A	OTC	Swap	Aug-15	11,000	24,846	2,761
Swap	N/A	OTC	Swap	Mar-18	359,272	712,796	254,714
Swap	N/A	OTC	Swap	Mar-18	(359,272)	(712,796)	(254,714)
Swap	N/A	OTC	Swap	Nov-15	100,000	253,500	6,059
Sub-total Swap at December 31, 2014					111,000	278,346	8,820
Sub-total Swap at December 31, 2013					81,972	181,617	(5,468)
Forward	Purchased	OTC	Deliverable forward	Jan-15	467	1,208	(32)
Forward	Purchased	OTC	Deliverable forward	Jan-15	316	816	(22)
Forward	Purchased	OTC	Deliverable forward	Jan-15	4,158	10,756	(287)

Forward	Purchased	OTC	Deliverable forward	Jan-15	419	1,084	(29)
Forward	Purchased	OTC	Deliverable forward	Jan-15	894	2,312	(62)
Forward	Purchased	OTC	Deliverable forward	Jan-15	206	533	(14)
Forward	Purchased	OTC	Deliverable forward	Jan-15	512	1,323	(35)
Forward	Purchased	OTC	Deliverable forward	Jan-15	3,616	9,354	(250)
Forward	Purchased	OTC	Deliverable forward	Jan-15	830	2,147	(57)
Forward	Purchased	OTC	Deliverable forward	Jan-15	1,901	5,087	37
Forward	Purchased	OTC	Deliverable forward	Jan-15	259	693	5
Forward	Purchased	OTC	Deliverable forward	Jan-15	89	237	2
Forward	Purchased	OTC	Deliverable forward	Jan-15	864	2,312	17
Forward	Purchased	OTC	Deliverable forward	Jan-15	355	949	7
At December 31, 2014					**14,886**	**38,811**	**(720)**

Derivatives	Purchased / Sold	Market	Agreement	Maturity date	Notional (US$)	Notional (R$)	Fair Value (R$)
Option	Purchased	OTC	Option	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	Option	Mar-15	50,000	133,075	(2,577)
Option	Purchased	OTC	Option	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	Option	Mar-15	50,000	132,400	(2,281)
Option	Purchased	OTC	Option	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	Option	Mar-15	50,000	131,540	(1,934)
Option	Purchased	OTC	Option	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	Option	Mar-15	50,000	131,660	(1,976)
Option	Purchased	OTC	Option	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	Option	Mar-15	50,000	135,100	(3,598)
Option	Purchased	OTC	Option	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	Option	Mar-15	50,000	135,125	(3,610)
Option	Purchased	OTC	Option	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	Option	Mar-15	50,000	132,025	(2,123)
Option	Purchased	OTC	Option	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	Option	Mar-15	50,000	131,500	(1,920)
Sub-total Option at December 31, 2014					800,000	2,202,425	(8,842)

Derivatives	Purchased / Sold	Market	Agreement	Maturity date	Notional (US$)	Notional (R$)	Fair Value (R$)
Composition of balances of derivative financial instruments designated in hedge accounting							
Swap	N/A	OTC	Swap	Mar-23	175,000	347,690	2,458
Swap	N/A	OTC	Swap	Mar-23	50,000	106,595	29,220
Swap	N/A	OTC	Swap	Mar-23	50,000	106,595	29,609
Swap	N/A	OTC	Swap	Mar-23	368,500	732,136	(23,964)
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	(8,853)
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	16,383
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	(10,628)
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	18,076
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	17,935
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	(10,691)
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	17,512
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	(10,155)
Swap	N/A	OTC	Swap	Mar-23	50,000	110,780	17,012
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	8,498
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	8,599

Swap	N/A	OTC	Swap	Mar-23	75,000	167,775	228
Swap	N/A	OTC	Swap	Mar-23	50,000	106,595	20,823
Swap	N/A	OTC	Swap	Mar-23	50,000	110,780	15,917
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	8,145
Swap	N/A	OTC	Swap	Mar-23	10,000	21,319	3,810
Swap	N/A	OTC	Swap	Mar-23	65,000	144,014	22,336
Swap	N/A	OTC	Swap	Mar-23	(368,500)	(732,136)	23,964
Swap	N/A	OTC	Swap	Mar-23	(175,000)	(347,690)	(2,458)
	Amortization Gain / Loss D1						1,832
					675,000	1,483,743	195,607
Sub-total Swap at December 31, 2014					786,000	1,762,089	204,426
Sub-total Swap at December 31, 2013					756,972	1,665,360	(50,492)

As at December 31, 2014 and 2013, the Company and its subsidiaries had the following net exposure to the exchange rate variations on assets and liabilities denominated in US Dollars and Pound Sterling:

	December 31, 2014	December 31, 2013
Cash and cash equivalents	74,830	27,679
Trade receivables	20,615	24,453
Loans and borrowings	(1,344,759)	(3,528,977)
Foreign exchange exposure, net	**(1,249,314)**	**(3,476,845)**

(d) Interest rate risk

The Company and its subsidiaries monitor the fluctuations in the variable interest rates in connection with certain debts, especially those related to of LIBOR, and make use of derivative instruments in order to minimize these risks.

(e) Credit risk

In the subsidiary COMGÁS, there is no concentration of credit for major consumers, as no customer accounts for more than 10% of total sales volumes. COMGÁS is not exposed to such risk as it costumer base is large and diversified.

Credit risk is managed through specific rules regarding client acceptance, including credit ratings and limits for customer exposure, including the requirement for a letter of credit from a major bank and obtaining actual warranties when given credit, when applicable. Management believes that credit risk is adequately managed through it‟s policy on allowance for doubtful accounts.

The Company and its subsidiaries may acquire exchange rate and interest rate derivative instruments in the BM&FBovespa, OTC contracts, registered CETIP or even in the international market, with several banks, within the limits established in the Treasury Policy for each bank.

The credit risk on cash and cash equivalents, bank deposits in national and foreign financial institutions are determined using the rating instruments accepted by the market as follows:

	Financial investments and securities
AAA	957,175
AA	461,675
At December 31, 2014	1,418,850

(f) Liquid risk

Liquidity risk is the risk that the Company and its subsidiaries will not be able to meet its obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Company and its subsidiaries manage liquidity risk by ensuring, as much as possible, the availability of sufficient liquidity to meet its obligations due, under normal and stress situations, without causing unacceptable losses or risking the Company˝s and its subsidiaries reputation.

The table below demonstrates the Company˝s non-derivative financial liabilities classified by due date at December 31, 2014. The amounts disclosed in the table are the contracted undiscounted cash flows.

	December 31, 2014					December 31, 2013
	Until 1 year	1 -2 years	3 – 5 years	More than 5 years	Total	Total
Loans and borrowings	(1,046,258)	(785,855)	(5,828,860)	(5,978,736)	(13,639,709)	(10,688,457)
Trade payables	(893,087)	-	-	-	(893,087)	(862,429)
REFIS payable	(189,237)	(1,124)	(766)	(332,675)	(523,802)	(1,075,019)
Total	**(2,128,582)**	**(786,979)**	**(5,829,626)**	**(6,311,411)**	**(15,056,598)**	**(12,625,905)**

(g) Hedge accounting – Fair value

To mitigate the Company´s risks from volatility of foreign exchange rates and interest rates, the Company entered into certain derivative contracts that were designated for hedge accounting (fair value hedge) as of July 1, 2013, with the purpose of protecting the "2023 Senior Notes". The hedge relationship consists of swapping the cash flows (cross currency interest rate swaps) with a foreign currency risk (USD) for local currency (BRL) and a fixed interest rate for a fixed percentage of the CDI (local market). The table below shows the fair value and gain recognized in the statement of profit or loss:

	December 31, 2014	December 31, 2013
Fair value of the Senior Notes 2023	1,222,589	1,067,134
Gain (loss) recognized in the financial result	(265,196)	50,648

(h) Hedge accounting - Cash Flow

On September 1, 2014, the subsidiary Cosan Lubricants made the formal designation of derivative financial instruments to hedge exposure to exchange rate payments of imports of raw

materials (base oil) subjected to hedge accounting, documenting: (i) the relationship of the hedge, (ii) the purpose and strategy of risk management in the subsidiary taking the hedge, (iii) identification of the financial instrument, (iv) the object or covered transaction, (v) the nature of the risk being covered, (vi) a description of the coverage, (vii) the demonstration of the correlation between the hedge and the hedged, and (viii) the retrospective and prospective effectiveness of the hedge.

The Company recorded gains and losses considered to be effective for the purposes of hedge accounting in a specific account in equity until the hedged (hedged item) is paid, at which time this gain or loss of each instrument should affect the same line that gave rise to the hedged item. On December 31, 2014 impacts recorded in equity are as follows:

	Market	Risk	December 31, 2014
Lock and exchange variation on other financial instruments	Future Dollar	Exchange	972
(-) Deffered Taxes			(330)
Equity effect			642

Below are the changes in the balances of other comprehensive income during the year:

Hedge accounting - Cash Flow

Derivative	December 31, 2014
At december 31, 2013	-
Gain (loss) from the period:	
Exchange rate hedging and other financial instruments	1,192
Reclassification to inventories / cost of sales	(220)
Gain on cash flow hedge (before deferred taxes)	972
Deferred taxes on comprehensive income	642

(i) Sensitivity analysis

A sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed to as of December 31, 2014 is presented below:

i. Sensitivity analysis on changes in foreign exchange rates

The probable scenario was defined based on the US Dollar market rates as at December 31, 2014, which determines the fair values of the derivatives at that date. Stressed scenarios were defined based on impacts of a 25% and 50% change in the US Dollar exchange rates used in the probable scenario.

	Risk factor	Probable scenario	Impacts on P&L (i) Variation scenario (25%) Increase	Variation scenario (50%) Increase	Variation scenario (25%) Decrease	Variation scenario (50%) Decrease
Derivatives in COMGÁS						
Exchange rate and interest risks						
Exchange rate derivatives						
Swap contrats	Decrease in exchange rate R$/US$ and increase in CDI curve	330,098	82,524	165,049	(82,524)	(165,049)
Exchange rate risks						
Exchange rate derivatives						
Term agreements						
Purchasing agreements	Decrease in exchange rate R$/US$	21,970	60,733	99,496	(16,794)	(55,557)
Put Options		11,176	76,206	141,236	(53,854)	(118,884)
Call Options		(20,018)	82,200	184,418	(122,237)	(224,455)
Interest rate risk						
Contratos swap	Decrease in LIBOR curve	-	-	-	-	-
Exchange rate and interest risks						
Swap contrats	Decrease in exchange rate R$/US$ and increase in CDI curve	202,594	337,849	558,908	(95,379)	(323,462)
Total impact		**545,820**	**639,512**	**1,149,107**	**(370,788)**	**(887,407)**

(i) Exposure to fluctuations of controlled COMGAS absorbed by the asset (liability), which are passed on to customers through periodic tariff revisions

Based on the financial instruments denominated in US Dollars at December 31, 2014 the Company performed a sensitivity analysis by increasing and decreasing the exchange rate for R$/US$ by 25% and 50%. The probable scenario considers the estimated exchange rates at the due date of the transactions, as follows:

	Exchange rate sensitivity analysis (R$/US$)					
		Scenario				
	September 30, 2014	Probable	25%	50%	-25%	-50%
At December 31, 2014	2.6562	2.6562	3.3203	3.9843	1.9922	1.3281

Consider the scenario above the profit and loss would be impacted as follows:

Exchange rate exposure					December 31, 2014
	Balance	**25%**	**50%**	**-25%**	**-50%**
Bonds e Debêntures – USD	(1,344,759)	(336,190)	(672,380)	336,190	672,380
Cash and Cash Equivalents	74,830	18,708	37,415	(18,708)	(37,415)
Trade receivables	20,615	5,154	10,308	(5,154)	(10,308)
Effect on Profit and loss		**(312,328)**	**(624,657)**	**312,328**	**624,657**

ii. Sensitivity analysis on changes in interest rates

The Company performed a sensitivity analysis on the interest rates on loans and borrowings and return on CDI investments with increases and decreases of 25% and 50%, the results of which are presented below:

Exposure interest rate

					December 31, 2014
	Balance	**25%**	**50%**	**-25%**	**-50%**
Financial investments	1,495,145	176,644	220,864	265,106	132,447
Securities	149,735	17,690	22,119	26,550	13,264
Loans and borrowings	(4,748,241)	(418,178)	(522,722)	(627,266)	(313,633)
Profit of the year		**(223,843)**	**(279,739)**	**(335,611)**	**(167,922)**

The categories of financial instruments, are presented below:

	Financial assets Designated as at fair value trough profit or loss	**Loans and receivables**	**Total**
Assets			
Cash and cash equivalents	-	1,540,192	1,540,192
Trade receivables	-	856,723	856,723
Derivative financial instruments	880,366	-	880,366
Securities	-	149,735	149,735
Dividends receivable	-	36,130	36,130
Judicial deposits	-	388,714	388,714
Other financial assets	-	440,180	440,180
	880,366	3,411,674	4,292,040

	Financial liabilities designated as at fair value through profit or loss	Other financial liabilities	Total
Liabilities			
Loans and borrowings	-	(7,397,602)	(7,397,602)
Derivative financial instruments	(333,435)	-	(333,435)
Trade payables	-	(971,170)	(971,170)
Preferred shareholders payable in subsidiaries	1,926,888	-	1,926,888
Dividends payable	-	(20,347)	(20,347)
	1,593,453	**(8,389,119)**	**(6,795,666)**

(j) Capital management

The Company's policy is to maintain a solid capital base to promote the confidence of investors, creditors and the market, and to ensure the future development of the business. Management monitors that return on capital is adequate for each of its businesses, which the Company defines as the result of operating activities divided by total net equity.

30 Fair value hierarchy

Fair Value

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

- The fair value of cash and cash equivalents, accounts receivable, accounts payable and other short-term obligations approximate their respective carrying values due largely to the short-term maturities of these instruments.

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

- The fair value of the Senior Notes due in 2018 and 2023 listed on the Luxembourg stock exchange (Note 15) is based on their quoted market price at December 31, 2014 of 88.74% (86.99% at December, 31 2013) and 99.38% (87.75% at December, 31 2013), respectively, of the face value of the Notes as at December 31, 2014.

- The fair value of the perpetual bonds listed on the Luxembourg stock exchange (Note 15) is based on its quoted market price as December 31, 2014 of 101.00% (99.75% at December, 31 2013) of the face value of the bonds as at December 31, 2014.

- The fair value market of other loans and financing approximate the amounts recorded in the financial statements, as they are subject to variable interest rates (Note 15).

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

The Company and its subsidiaries enter into derivative financial instruments with various counterparties, primarily financial institutions with investment grade credit ratings. Derivatives financial instruments mainly relate to interest rate swaps, foreign exchange contracts and term contracts for commodities futures. Fair value of such derivative financial instruments is determined using valuation techniques and observable market data. The valuation techniques usually applied include the pricing models for fixed-term contracts and swaps, with a present value calculation. The models consider various inputs, including the credit risk the of counterparties, the spots and forward currency exchange rate, interest rate curves and forward rate curves of the underlying commodities.

Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair values of financial instruments based on the valuation methodology used. Note 12 provides disclosures on investment property that is measured ate fair value and Note 30 for disclosure of assets held for sale that are measured at fair value:

Level 1: quoted prices (no adjust) in a active market for identical assets and liabilities:

The Assets and Liabilities fair value negotiated on active markets is based in market prices, quoted in the date of balance. A market is seen as active if the prices quoted are ready and often available in a stock market, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent real transactions that occur often in a standard market conditions.

Level 2: other techniques for which all data that have significant effect on the fair value found are observable, directly or indirectly;

The assets and liabilities fair value that are quoted in a active market (for example, over-the-counter derivatives) is determined using evaluation techniques. These evaluation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all the relevant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or quotes of brokers for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of future cash flows estimated on the basis of yield curves;
- Other techniques, such as analysis of discounted cash flows, are used to determine fair value for the remaining financial instruments.

Level 3; techniques that use data having a significant effect on the fair value recorded that are not based on observable market data.

Below is the fair value hierarchy of the Company"s financial instruments:

Financial instruments measured at fair value	**Level 1**	**Level 2**	**Total**
At December 31, 2014			
Derivative financial assets	-	880,366	880,366
Derivative financial liabilities	-	(333,435)	(333,435)
Contingent consideration - Earn out	-	186,649	186,649
Securities	-	149,735	149,735
Pension plan assets	303,782	49,061	352,843
Preferred shareholders payable in subsidiaries	-	1,926,888	1,926,888
Assets held for sale	-	25,089	25,089
Investiment Properties	-	2,641,978	2,641,978
Total	**303,782**	**5,526,331**	**5,830,113**
At December 31, 2013			
Derivative financial assets	-	513,934	513,934
Derivative financial liabilities	-	(329,182)	(329,182)
Contingent consideration - Earn out	-	227,976	227,976
Securities	-	87,978	87,978
Pension plan assets	264,420	38,332	302,752
Assets held for sale	-	314,104	314,104
Investiment Properties	-	2,281,509	2,281,509
Total	**264,420**	**3,134,651**	**3,399,071**

31 Pension and post-employment benefit plans

	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Futura	23,048	71,065
Futura II	154	828
COMGÁS	278,562	267,242
Total	**301,764**	**339,135**

Pension Plan

Defined benefit

The Company's subsidiary Cosan Lubrificantes e Especialidades S.A. has a non-contributory defined benefit pension plan (Futura, formerly Previd Exxon) for certain employees upon retirement. This plan was amended to close it to new entrants and it was approved by the relevant authorities on May 5, 2011. No new employees are eligible to participate on the plan, contributions ceased, and participants are guaranteed a benefit proportionate to their accumulated entitlement as at March 31, 2011. During the year ended December 31, 2014, the amount of contributions totaled R$8,757. During the year ended December 31, 2014, an actuarial loss was of R$31,285was recognized in other comprehensive income.

Defined contribution

Since June 1, 2011, the Company and its subsidiaries have sponsored a defined contribution plan for all employees (Futura II). The Company does not have a legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all of the benefits owed. During the year ended December 31, 2014 the amount of contributions totaled R$467 (R$745 on December 31, 2013). During the year ended December 31, 2014, an actuarial loss of R$7 (R$144 on December 31, 2013), was recognized in other comprehensive income.

COMGÁS offers a supplementary retirement plan, through a defined contribution Free Benefit Generating Plan ("PGBL"). During the year ended December 31, 2014, employers‟ contributions to the plan totaled R$14,672 (R$14,969 for December 31, 2013). For the year ended December 31, 2014, an actuarial gain of R$4,450 was recognized in other comprehensive income.

Actuarial pension obligation

Futura

The pension obligation related to Futura is recorded in non-current liabilities as at December 31, 2014 for an amount of R$23,048 (R$71,065 on December 31, 2013).

Details of the present value of the defined benefit obligation and the fair value of plan assets are as follows:

	December 31, 2014	December 31, 2013
Present value of actuarial obligation at beginning of period	(352,207)	(402,850)
Interest expense	(41,459)	(29,684)
Benefits payment	25,064	18,784
Actuarial gain on obligation at beginning of the period	11,223	61,543
Present value of actuarial obligation at the end of the period	**(357,379)**	**(352,207)**
Fair value of plan assets at beginning of the year	281,142	324,445
Return on plan assets	33,317	23,997
Contributions received by the fund	8,757	6,501
Benefit payments	(25,064)	(18,784)
Gain (loss) in fair value of plan assets	36,178	(55,017)
Fair value of plan assets end of the period	**334,330**	**281,142**
Present value of pension obligation in excess of fair value of plan assets	**(23,048)**	**(71,065)**

Total expense recognized in profit or loss is as follow:

	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Interest expense	(41,459)	(29,684)
Expected return on plan assets	33,317	23,997
	(8,142)	**(5,687)**

Total amount recognized as accumulated other comprehensive income:

	December 31, 2014	Nine months ended December 31, 2013 (Restated)
Amount accumulated at the	5,061	(35,557)
Unrecognized gains	11,223	61,543
Deferred income tax	(3,816)	(20,925)
Amount accumulated at the end of the period	**12,468**	**5,061**

Plan assets are comprised of the following:

	December 31, 2014		December 31, 2013	
	Amount	**%**	**Amount**	**%**
Fixed income bonds	269,170	80.51	201,129	71.54
Variable-income securities	65,161	19.49	80,013	28.46
Total	**334,331**	**100.00**	**281,142**	**100.00**

Plan assets are comprised of financial assets with quoted prices in active markets and therefore are classified as Level 1 in the valuation hierarchy of fair value. The overall expected rate of return on plan assets is determined based on prevailing market expectations on that date, applicable to the period over which the obligation is to be settled. These expectations are reflected in the following main assumptions.

The main assumptions used to determine the benefit obligations of the Company are as follows:

Defined benefit plan	**December 31, 2014**	**December 31, 2013**
Actuarial valuation method	Projected unit credit	Projected unit credit
Mortality table	AT-2000 segregated by sex, decreased by 10%	AT- 2000 segregated by sex, decreased by 10%
Discount rate for actuarial liability	Interest: 11.92% per year	Interest: 12.16% per year
Expected rate of return on plan assets	Interest: 11.92% per year	Interest: 12.16% per year
Salary growth rate	Not applicable	Not applicable
Increase rate of estimated benefits	Inflation: 5.2% per year	Inflation: 5.4% per year

The Company expects to make contributions for an amount of R$ 7,882 in relation to its defined benefit plan and variable contribution plan in 2015.

COMGÁS

The obligations for post-employment benefits plans, which include medical and early retirement incentives, disability and sickness allowance.

COMGÁS maintains with Bradesco Vida e Previdência S.A., a variable-contribution complementary open pension plan denominated Free Benefit Generating Plan (PGBL), approved by the Superintendence of Private Insurances (SUSEP). This is a fixed-income plan, the objective of which is to provide pension benefits in the form of lifetime monthly pensions.

The actuarial assumptions are as follow:

Actuarial assumptions	December 31, 2014	December 31, 2013
Discount rate	12.78%	12.36%
Inflation rate	6.00%	5.50%
Expected rate of return on plan assets	12.78%	12.36%
Future salary increases	9.18%	8.66%
Increase in pension plans	6.00%	5.50%
Morbidity (ageing factor)	3.00%	3.00%
Mortality (by gender)	AT 2000 M&F	AT 2000 M&F
Disabled Associates Mortality	IAPB 1957	IAPB 1957
Disability entry (modified)	UP-84	UP-84
Turnover	30% / (Length of service +1)	30% / (Length of service +1)

The Benefit plan was assessed by management in conjunction with its actuarial experts at the end of the period, to determined whether the contribution rates are sufficient maintain reserves necessary to meet current and future payments.

The composition of the balance of the actuarial liabilities are as follows:

	December 31, 2014	December 31, 2013
Present value of actuarial obligations	284,770	274,433
Fair value of the plan assets	(6,208)	(7,191)
Net actuarial pension obligation	**278,562**	**267,242**

Change in actuarial obligations are shown below:

	December 31, 2014	December 31, 2013
Actuarial liabilities at beginning of the year	267,242	291,041
Expenses	32,735	27,700
Employer contributions	(14,672)	(14,969)
Actuarial losses recognized in the other comprehensive income	(6,743)	(36,530)
Actuarial liabilities at end of the year	**278,562**	**267,242**

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Present value of actuarial obligations effect:

	Increase		Decrease	
	1%	**0,5%**	**-1%**	**-0.5%**
Futura	(32,781)	-	39,413	-
Futura II	(18)	-	20	-
COMGÁS	-	(15,307)	-	16,836

32 Share-based payment

At the annual and extraordinary general shareholders‟ meeting held on July 29, 2011, the guidelines for the outlining and structuring of the stock option compensation plan for Cosan S.A.‟s executives and employees was approved, authorizing the issue of up to 5% of shares comprising Cosan S.A.‟s total capital. This stock option plan was created to attract and retain executives and key employees, offering them the opportunity to become Cosan S.A.‟s shareholders.

On August 18, 2011, Cosan S.A.‟s board of directors approved the total number of stock option awards of 12,000,000 common shares to be issued or treasury shares held by Cosan S.A., corresponding to 2.41% of the share capital at that time. On the same date the eligible executives were informed about the terms and conditions of the stock-option plan.

As of August 18, 2011, 10,525,000 awards were granted in the two tranches described below:

Tranche A - The options can be exercised after a vesting period of one year, considering a maximum percentage of 20% per annum of the total stock options granted by Cosan S.A. for an exercise period of 5 years. Exercise period ends on August 19, 2016.

Tranche B - The options can be exercised after a vesting period of one year, considering a maximum percentage of 10% per annum of the total stock options granted by Cosan S.A. within an exercise period of 10 years. Exercise period ends in August 19, 2021.

Tranche C - The third tranche follows the same rational first. The exercise period ends on December 11, 2017.

According to the average market value of the shares on a 30 day period ending at issuance, the exercise price was defined to be R$22.80 per share, without any discount.

At April 24, 2013, 970,000 options, respectively, secured from the fifth year, were granted to eligible executives based on the below:

At April 25, 2014, 960,000 options were granted with exercise from the fifth year, for eligible executives.

The fair value of options granted was estimated at the date of exercise using the binomial model simulation, considering the terms and conditions upon which the options were granted;

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

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

	Options granted				
	August 18, 2011 *Tranche A*	**August 18, 2011 *Tranche B***	**December 12, 2012 *Tranche C***	**April 24, 2013**	**April 25, 2014**
Exercise price - R$	22.80	22.80	39.60	45.22	37.01
Expected life (in years)	1 to 5	1 to 10	1 to 5	5	5
Interest rate	12.39%	12.39%	8.78%	13.35%	12.43%
Expected volatility	31.44%	30.32%	31.44%	27.33%	29..85%
Fair value at grant date (weighted-average) - R$	6.80	8.15	10.10	17.95	15.67

Expected exercise - The expected timeframe the Company for the exercise of the options was determined by considering the premise that executives exercise their options after the grace period.

Expected volatility – Due to the new capital structure and business model after the formation of the JVs, the Company opted to use the historic volatility of their shares adjusted by volatility of competitors‟ shares that operate in similar lines of business.

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

Risk free interest rate – the company considered the prime rate as the risk free interest rate traded at BM&FBovespa on the grant date and for the equivalent term of the option maturity.

On December 31, 2014, R$ 12,753 (R$ 6,595 on December 31, 2013) had been recognized as an expense related to the stock option plan. The weighted average remaining contractual term for the options at December 31, 2013 was 2.3 years. The expense to be recognized in future years total R$ 27,268 at December 31, 2014

The changes in the plan during the period was:

	Number of options	Weighted average
At December 31, 2013	9,345,000	26.09
Share options exercised	(1,818,000)	(25.21)
Granted	1,705,000	40.62
Cancellation or settlements	320,000	-
At December 31, 2014	**8,912,000**	**30.09**

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Companhia de Gás de São Paulo - COMGÁS

Interim financial statements
March 31, 2016

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
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Independent auditors' review report on the interim financial statements

To the Board of Directors and Shareholders
Companhia de Gás de São Paulo - Comgás
São Paulo - SP

Introduction
We have reviewed the accompanying interim financial information of Companhia de Gás de São Paulo - Comgás ("The Company"), contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2016, which comprises the statement of financial position as of March 31, 2016 and the respective statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for the three-month period then ended, including the notes.

Management is responsible for the preparation of the interim financial information in accordance with Technical Pronouncement CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, such as for the presentation of this information in accordance with the regulations of the Brazilian Securities Commission - CVM, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Conclusion on the interim financial information
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the Quarterly Information Form - ITR referred to above has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the regulations of the Brazilian Securities Commission - CVM.

Other matters

Statement of value added
We have also reviewed the statements of value added (DVA), related to the three-month period ended March 31, 2016, prepared under the responsibility of the Company's management, whose presentation in the interim financial information is required in accordance with the regulations of the Brazilian Securities Commission - CVM applicable to the preparation of Quarterly Information - ITR, and is considered as supplementary information under IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in accordance with the interim financial information taken as a whole.

São Paulo, May 9, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6

Rogério Hernandez Garcia
Contador CRC 1SP213431/O-5

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

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Companhia de Gás de São Paulo - COMGÁS

Statements of financial position March 31, 2016 and December 31, 2015

(In thousands of Brazilian Reais - R$)

	Note	March 31, 2016	December 31, 2015
Assets			
Current			
Cash and cash equivalents	5	1,000,160	1,967,643
Trade receivables	6	458,555	513,981
Inventories	7	132,608	134,347
Recoverable taxes	9	71,813	117,064
Derivative financial instruments	19	17,866	26,954
Receivables from related parties	10	3,620	1,240
Other		28,012	28,751
		1,712,634	**2,789,980**
Non-currrent			
Long-term assets			
Trade receivables	6	34,911	37,036
Transportation paid and not used	8	204,771	204,725
Recoverable taxes	9	12,376	13,540
Derivative financial instruments	19	539,529	638,078
Deferred tax assets	14	563,280	593,443
Judicial deposits		44,244	43,495
Other		1,319	1,343
		1,400,430	**1,531,660**
Intangible assets	11	**4,549,207**	**4,546,391**
		5,949,637	**6,078,051**
Total Assets		**7,662,271**	**8,868,031**

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

Companhia de Gás de São Paulo - COMGÁS

Statements of financial position March 31, 2016 and December 31, 2015

(In thousands of Brazilian Reais - R$)

Liabilities and equity	Note	March 31, 2016	December 31, 2015
Current			
Loans, financing and debentures	12	571,241	576,723
Trade payables	13	1,143,521	1,302,397
Payable to related parties	10	2,626	3,095
Salaries and social payable		28,846	60,523
Income tax		134,016	96,279
Dividends and interest on capital payable		611	3,426
Advances from customers and other		1,006	1,006
Other payable		5,707	4,525
		1,887,574	**2,047,974**
Non-current liabilities			
Loans, financing and debentures	12	3,173,993	3,246,344
Advances from customers and other		20,344	21,815
Post-employment benefits	20	300,836	295,698
Provision for judicial demands	15	77,150	74,798
		3,009,042	**3,638,655**
Total liabilities		**4,896,616**	**5,686,629**
Shareholder´s equity	16		
Share capital		1,143,548	1,143,548
Capital reserve		563,961	563,961
Revaluation reserve		6,284	6,363
Revenue reserve		325,309	1,525,230
Other comprehensive income		(57,700)	(57,700)
Accumulated earning		220,972	-
Total equity		**2,202,374**	**3,181,402**
Total liabilities and shareholder´s equity		**7,098,990**	**8,868,031**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of profit or loss

March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Note	March 31, 2016	March 31, 2015
Net sales		**1,460,076**	**1,534,065**
Sale of gas		1,385,262	1,436,437
Construction revenue - ICPC 01		66,192	90,381
Other income		8,622	7,247
Cost of gas		**(828,583)**	**(1,154,677)**
Cost of gas		(590,072)	(924,427)
Transportation and other		(172,319)	(139,869)
Construction - ICPC 01		(66,192)	(90,381)
Gross profit		**631,493**	**379,388**
Selling expenses		(35,089)	(34,991)
General and administrative expenses		(162,341)	(176,445)
Other operating expenses		(2,017)	(1,281)
Gross expenses		**432,046**	**166,671**
Financial results, net	18	**(96,076)**	**(73,959)**
Financial incomes		55,542	37,501
Financial costs		(151,618)	(111,460)
Profit before income tax and social contribution		**335,970**	**92,712**
Income tax and social contribution	14	**(114,998)**	**(42,204)**
Current		(84,835)	-
Deferred		(30,163)	(42,204)
Profit for the period		**220,972**	**50,508**
Basic and diluted earnings per share attributed to the owners of the Company - R$ per share	17		
Common shares		1.70	0.39
Preferred shares		1.87	0.43
Total		**1.74**	**0.40**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of comprehensive income

March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	March 31, 2016	March 31, 2015
Profit for the period	**220,972**	**50,508**
Total comprehensive income	**220,972**	**50,508**

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

Companhia de Gás de São Paulo - COMGÁS

Statements of changes in shareholder´s equity

March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Capital reserves					Profit reserves		
	Share capital	Tax Incentives	For future capitalization	Special goodwill reserve	Revaluation reserves	Legal reserve	Profit retention	Accumula earn
At January 1, 2016	**1,143,548**	**1,201**	**168,828**	**393,932**	**6,363**	**189,955**	**1,335,275**	
Profit for the period	-	-	-	-	-	-	-	220,
Comprehensive income								
Realization of revaluation reserve	-	-	-	-	(79)	-	79	
Total comprehensive income for the period	-	-	-	-	(79)	-	79	220,
Dividends	-	-	-	-	-	-	(1,200,000)	
Total contributions by and distributions to owners	-	-	-	-	-	-	(1,200,000)	
At March 31, 2016	**1,143,548**	**1,201**	**168,828**	**393,932**	**6,284**	**189,955**	**135,354**	**220,**

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

Companhia de Gás de São Paulo - COMGÁS

Statements of changes in shareholder´s equity

March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Capital reserves					Profit reserves		
	Share capital	Tax Incentives	For future capitalization	Special goodwill reserve	Revaluation reserves	Legal reserve	Profit retention	Accumul ear
At January 1, 2015	**1,002,858**	**1,201**	**140,689**	**562,761**	**7,523**	**154,954**	**1,297,693**	
Profit for the period	-	-	-	-	-	-	-	5(
Comprehensive income								
Realization of revaluation reserve	-	-	-	-	(324)	-	324	
Total comprehensive income for the period	-	-	-	-	(324)	-	324	5(
At March 31, 2015	**1,002,858**	**1,201**	**140,689**	**562,761**	**7,199**	**154,954**	**1,298,017**	**5(

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

Companhia de Gás de São Paulo - COMGÁS

Statement of cash flows

March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	March 31, 2016	March 31, 2015
Cash flows from operating activities		
Profit before taxes	335,970	92,712
Adjustments for:		
Amortization	88,569	89,111
Loss on the disposal of intangible assets	364	941
Interest and monetary variations	131,854	100,225
Provision for judicial demands	565	798
Post-employment benefits	5,138	5,245
Impairment of trade receivables	5,410	5,255
Other	1,649	(221)
	569,519	**294,066**
Variations in:		
Trade and other receivables	58,479	36,114
Inventories	87	(653)
Trade payables	(162,047)	234,378
Taxes and contributions	24,778	(3,158)
Provisions and profit sharing	(30,674)	(18,050)
Other	(15,660)	(11,094)
	(125,037)	**237,537**
s	**444,482**	**531,603**
Interest paid	(41,546)	(43,197)
Income tax and social contribution paid	(28,753)	(26,290)
Net cash provided by operating activities	**374,183**	**462,116**
Cash flows from investing activities		
Additions to intangible assets	(94,139)	(123,566)
Cash used in investing activities	**(94,139)**	**(123,566)**
Cash flow from financing activities		
Proceeds from new loans and borrowings	66,047	299,303
Payment of principal - loans and borrowings	(110,758)	(283,323)
Dividends paid	(1,202,815)	-
Net cash (used in) generated by financing activities	**(1,247,527)**	**15,980**
(Decrease) increase in cash and cash equivalents	**(967,483)**	**354,530**
Cash and cash equivalents at beginning of	1,967,643	973,707
Cash and cash equivalents at end of the period	**1,000,160**	**1,328,237**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of value added

March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	March 31, 2016	March 31, 2015
Revenue		
Sale of gas	1,740,977	1,789,175
Other operating income	10,073	8,298
Provision for impairment of trade receivables	(5,410)	(5,255)
Construction revenue - ICPC 01	66,192	90,381
Other income (expenses)	(2,017)	(1,281)
	1,809,815	**1,881,318**
Cost and expenses		
Cost of gas and transportation	(948,189)	(1,319,402)
Cost of sales and services	(5,436)	(2,659)
Construction costs - ICPC 01	(66,192)	(90,381)
Materials, services and other expenses	(44,328)	(42,209)
	(1,064,145)	**(1,454,651)**
Gross value added	**745,670**	**426,667**
	-	-
Retention		
Amortization	(88,569)	(89,111)
	(88,569)	**(89,111)**
Net value added generated by the Company	**657,101**	**337,556**
Value added received through transfer		
Financial income	55,542	37,501
	55,542	**37,501**
Total value added to distribute	**712,643**	**375,057**
Distribution of value added		
Personnel and social charges	35,054	51,647
Taxes and contributions	301,147	156,824
Financial cost and rentals	155,470	116,078
Dividends	220,972	50,508
	712,643	**375,057**

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

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais - R$, unless otherwise stated)

1 General information

The main activity of Companhia de Gás de São Paulo - COMGÁS (the "Company") is the distribution of piped natural gas in part of the State of São Paulo (in approximately 180 municipalities, including the region referred to as Greater São Paulo) to industrial, residential, commercial, automotive, thermal-power generation and co-generation consumers.

COMGÁS is a public company headquartered in São Paulo, State of São Paulo, Brazil, and is listed on the São Paulo Stock Exchange (BOVESPA).

The Company is a direct subsidiary of Cosan S.A. Indústria e Comércio, which holds 61.33% of the Company's share capital.

The Concession Contract for the Exploration of Public Piped Gas Distribution Services was signed on May 31, 1999 with the conceding authority - represented by the Sanitation and Energy Regulatory Agency for the State of São Paulo (ARSESP, formerly Energy Public Utilities Commission (CSPE)).

The Contract grants and regulates the concession for the exploration of public piped gas distribution services for a period of 30 years, which may be extended for a further period of 20 years at the concessionaire's request.

ARSESP is responsible for the enforcement of the agreement and for regulating, controlling and overseeing the operations of energy operators in the State of São Paulo.

The Concession Contract describes the obligations of COMGÁS, the rules for tariff review on a five-year basis, and the quality and safety indicators with which the Company must comply. ARSESP Ordinance 160/01 sets out the general conditions of piped gas supply.

The Concession Contract determines that the Company's tariffs are to be revised once a year, in the month of May, to realign the prices it charges with the cost of the gas it purchases and adjust its distribution margin for inflation.

These interim financial statements were approved by the Company's Board of Directors on April, 26, 2016.

2 Presentation of interim financial statements and significant accounting policies

2.1 Basis of preparation

The interim financial statements have been prepared in accordance with CPC 21 - Interim Financial Reporting and international standards IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and complemented by the distribution of Public Service Accounts Plan gas, established by Ordinance ARSESP nº 22 of November 19, 1999, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of the Quarterly information - ITR.

The interim financial statements are presented in thousands of Reais, except where otherwise indicated, including the explanatory notes, and was prepared according to the basis of preparation and accounting policies consistent with those adopted in the preparation of the financial statements of December 31, 2015 and should be read together, except for the initial adoption of new accounting standards and interpretations that have been given effect from January 1, 2016 disclosed in note 3. The Company has not early adopted any other standard, interpretation or amendment which has been issued but is not effective.

The information notes that did not change significantly compared with the December 31, 2015 have not been fully presented in these financial statements.

3 Standards, amendments and interpretations to existing Standards that are not yet effective

The following new standards and interpretations to existing standards were issued by the International Accounting Standards Board (IASB) but are not effective for 2016. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

- ***IFRS 9 Financial Instruments***
  IFRS 9, published in July 2014, replacing the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement (Financial Instruments: Recognition and Measurement). IFRS 9 includes guidance revised on the classification and measurement of financial instruments, a new expected credit loss model for the calculation of the impairment of financial assets and new requirements for hedge accounting. The standard retains the existing guidance on the recognition and derecognition of financial instruments in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is evaluating the effects that IFRS 9 will have on financial statements and their disclosures.

- **IFRS 15** ***Revenue from Contracts with Customers***
  IFRS 15 requires an entity to recognize the amount of revenue reflecting the consideration that it expects to receive in exchange for control of those goods or services. The new standard will replace most of the detailed guidance on revenue recognition that currently exists in IFRS and accounting principles generally accepted in the United States ("U.S. GAAP") when adopted. The new standard is applicable from or after January 1, 2018. The standard may be adopted retrospectively, using an approach of cumulative effects. The Company is evaluating the effects that IFRS 15 will have on its financial statements and disclosures.

- **IFRS 16** ***Leasing***
  IFRS 16 requires an entity to recognize all leases in which the Company leases should be recognized in the balance sheet. The new standard is effective from or after January 1, 2019 and replaces IAS 17 - Leases.

There is no other IFRSs or IFRIC interpretations that are not effective and that is expected to have a significant impact on the Company.

4 Segment reporting

The Company´s management analyzes the financial performance considering the economic gross income separately by business segment. The regulatory agency "ARSESP" determines the rates for the various business segments. The Company does not make analysis of segment assets for business management. Finally, the definition generating unit, representing the lowest active in use generates cash input, in the context of the Company cannot be secreted by segment, for the same pipe distributes gas to different consumer segments.

The information by operating segment is presented consistently with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, is the executive board also responsible for making the strategic decisions of the Company.

The composition of the margin by segment is as follows:

	Margin per segment - January 1, 2016 to March 31, 2016								
Segments	**Residential**	**Commercial**	**Industrial**	**Thermal power generation**	**Cogeneration**	**Automotive**	**Construction revenue**	**Other income**	**Total**
Volume (thousands of m³)	47,086	30,882	789,674	84,400	61,373	45,240	-	-	1,058,655
Gross revenue	197,343	89,147	1,275,077	51,721	63,311	59,872	66,192	10,073	1,812,736
Deductions	(41,937)	(18,749)	(269,012)	-	(8,788)	(12,722)	-	(1,452)	(352,660)
Net revenue	155,406	70,398	1,006,065	51,721	54,523	47,150	66,192	8,621	1,460,076
Regulatory assets (liabilities)	(10,185)	(6,675)	(165,930)	-	(5,195)	(5,855)	-	(3,386)	(197,226)
Cost	(34,578)	(22,705)	(579,906)	(48,270)	(38,318)	(33,178)	(66,192)	(5,436)	(828,583)
Economic gross profit	110,643	41,018	260,229	3,451	11,010	8,117	-	(201)	434,267
Reversal of regulatory assets (liabilities)									197,226
Gross profit									631,493
Operating income (expenses)									(199,447)
Expenses									(197,430)
Selling									(35,089)
General and administrative									(162,341)
Other operating (income) expenses									(2,017)
Financial result									(96,076)
Financial income									55,542
Financial costs									(151,618)
Profit before taxes									335,970
Provision for income tax and social contribution									(114,998)
Profit for the period									220,972
Reconciliation of EBITDA									
Profit for the period									220,972
Provision for income tax and social contribution									114,998
Financial result									96,076
Amortization									88,569
Other amortization									(139)
EBITDA									**520,476**

	Margin per segment - January 1, 2015 to March 31, 2015								
Segments	**Residential**	**Commercial**	**Industrial**	**Thermal power generation**	**Cogeneration**	**Automotive**	**Construction revenue**	**Other income**	**Total**
Volume (thousands of m³)	38,308	28,673	892,333	225,320	70,591	47,164	-	-	1,302,389
Gross revenue	153,477	78,007	1,303,473	115,109	77,421	57,191	90,381	8,298	1,883,357
Deductions	(32,620)	(16,397)	(275,622)	-	(11,449)	(12,153)	-	(1,051)	(349,292)
Net revenue	120,857	61,610	1,027,851	115,109	65,972	45,038	90,381	7,247	1,534,065
Regulatory assets (liabilities)	1,670	1,114	37,105	-	(341)	5,543	-	(1,645)	43,446
Cost	(34,564)	(25,795)	(798,501)	(106,388)	(53,730)	(42,609)	(90,381)	(2,709)	(1,154,677)
Economic gross profit	87,963	36,929	266,455	8,721	11,901	7,972	-	2,893	422,834
Reversal of regulatory assets (liabilities)									(43,446)
Gross profit									379,388
Operating income (expenses)									(212,717)
Expenses									(211,436)
Selling									(34,991)
General and administrative									(176,445)
Other operating (income) expenses									(1,281)
Financial result									(73,959)
Financial income									37,501
Financial costs									(111,460)
Profit before taxes									92,712
Provision for income tax and social contribution									(42,204)
Profit for the period									50,508
Reconciliation of EBITDA									
Profit for the period									50,508
Provision for income tax and social contribution									42,204
Financial result									73,959
Amortization									89,111
Other amortization									(139)
EBITDA									**255,643**

5 Cash and cash equivalents

Cash and cash equivalents are substantially investments in Bank Deposit Certificates (CDBs) and private securities, and these instruments are highly liquid conferred by the financial institution that issued them.

	March 31, 2016	**December 31, 2015**
Cash and bank deposits	32,186	30,429
Financial Investments	967,974	1,937,214
	1,000,160	**1,967,643**

Financial investments are as follows:

	March 31, 2016	December 31, 2015
Bank investments		
Repurchase operations	807,171	1,263,188
Certificate of bank deposits	100,142	540,965
Other financial investments	60,661	133,061
	967,974	**1,937,214**

6 Trade receivables

	March 31, 2016	December 31, 2015
Gas bills receivable	318,683	369,311
Gas bills receivable - in installments (i)	15,018	14,970
Receivable from sale of equipment	20,478	22,696
Financing marketing program (iii)	25,569	25,474
Adjustments to present value	(4,344)	(3,910)
Unbilled revenue (ii)	242,444	240,570
Other (iii)	17,043	17,984
Impairment of trade receivables	(141,425)	(136,078)
	493,466	**551,017**
Current	**458,555**	**513,981**
Non-current	**34,911**	**37,036**

(i) The amount receivable from gas bills in installments refer to the payment in installments of amounts due from customers. Cases of default with risks of realization are properly provisioned.

(ii) Unbilled gas refers to the portion of gas supplied in the month, for which metering and billing to customers have not yet occurred.

(iii) The balance of financing marketing program and other values that were presented under other accounts receivable at December 31, 2015 were reallocated to the item accounts receivable for better presentation. The impact of reallocation of numbers at December 31, 2015 was R$ 27,987.

7 Inventories

	March 31, 2016	December 31, 2015
Inventory of material for construction	84,069	86,981
Finished products	2,919	2,747
Sundry materials	45,620	44,619
	132,608	**134,347**

The provision for inventory obsolescence and slow moving is R$ 570 at March 31, 2016 (R$ 570 at December 31, 2015).

8 Transportation paid and not used

	March 31, 2016	December 31, 2015
Ship or pay transport - PETROBRAS	**204,771**	**204,725**

The recovery of the balances related to the "transportation paid and not used" will be made automatically, with no charges to the Company, to the extent the transportation will be used above the contractually-stipulated percentage, as disclosed in Note 13.

9 Recoverable taxes

	March 31, 2016	December 31, 2015
Value-added Tax on Sales and Services (ICMS) - recoverable	35,155	46,246
Value-added Tax on Sales and Services (ICMS) on assets	25,610	27,314
Social Contribution on Net Income (CSLL) - in advance	22,481	56,015
National Institute of Social Security (INSS) recoverable	565	565
Other	378	464
	84,189	**130,604**
Current	**71,813**	**117,064**
Non-current	**12,376**	**13,540**

10 Related parties

a. Receivable and payment with related parties:

The receivables from related parties at March 31, 2016 is as follows:

	Changes		
	Raizen Combustíveis S.A. (i)	Raizen Energia S.A. (ii)	Total
December 31, 2015	**1,104**	**136**	**1,240**
Revenue	3,119	-	3,119
Receipts	(3,141)	-	(3,141)
Advances	-	2,402	2,402
March 31, 2016	**1,082**	**2,538**	**3,620**

The payable to related parties at March 31, 2016 is as follows:

	Changes	
	Raizen Energia S.A. (ii)	Total
December 31, 2015	**3,095**	**3,095**
Expenses	8,835	8,835
Payments	(9,304)	(9,304)
March 31, 2016	**2,626**	**2,626**

(i) Raízen Combustíveis S.A.

Accounts receivable related to gas supply to gas stations.

(ii) Raízen Energia S.A. (RESA)

The balances recorded as current liabilities represent services performed by the RESA.

b. Management and director´s remuneration

The remuneration of management, which includes members of the Board of Directors and statutory directors, responsible for the planning, management and control of the Company´s activities, is as follows:

	January to March 31, 2016	January to March 31, 2015
Salaries, including variable remuneration	2,515	9,836
Social charges	476	399
Benefits, healthcare and other	67	67
Pension plan	39	-
	3,097	**10,302**

11 Intangible assets

	Intangible assets in service				
	Concession agreement (ii)	Customer loyalty efforts (i)	Computer software and other (i)	Intangible assets in progress	Total
Cost					
December 31, 2015	**5,754,348**	**1,088,511**	**293,943**	**225,110**	**7,361,912**
Additions	**-**	**-**	**-**	**94,139**	**94,139**
Disposals	(8,492)	(1,026)	-	-	(9,518)
Transfers	61,799	12,452	9,019	(83,270)	-
March 31, 2016	**5,807,655**	**1,099,937**	**302,962**	**235,979**	**7,446,533**
Amortization					
December 31, 2015	**(1,757,015)**	**(808,280)**	**(250,226)**	**-**	**(2,815,521)**
Additions	**(52,455)**	**(31,178)**	**(4,936)**	**-**	**(88,569)**
Disposals	6,244	520	-	-	6,764
Transfers	124	-	(124)	-	-
March 31, 2016	**(1,803,102)**	**(838,938)**	**(255,286)**	**-**	**(2,897,326)**
December 31, 2015	**3,997,333**	**280,231**	**43,717**	**225,110**	**4,546,391**
March 31, 2016	**4,004,553**	**260,999**	**47,676**	**235,979**	**4,549,207**

(i) Weighted average rate of 20% p.a.

(ii) Weighted average rate present in the table below.

As a result of the adoption of the ICPC Interpretation 01 (R1), at January 1, 2009, the Company reclassified to "Intangible assets" the property, plant and equipment related to the Concession Agreement. These assets were as follows at March 31, 2016 and December 31, 2015:

	Land	Pipes	Buildings and improvements	Machines and equipment	Transportation equipment	Administrative furniture and equipment	Total
Weighted average rate p.a. %		**3.4**	**2.7**	**5.4**	**20**	**10**	
Cost							
December 31, 2015	**27,139**	**3,330,876**	**68,084**	**512,280**	**7,221**	**51,733**	**3,997,333**
Additions / Transfers	-	39,241	851	18,529	1,160	2,142	61,923
Amortization	-	(38,353)	(1,050)	(10,433)	(750)	(1,869)	(52,455)
Disposals	-	(23)	-	(2,026)	(122)	(77)	(2,248)
March 31, 2016	**27,139**	**3,331,741**	**67,885**	**518,350**	**7,509**	**51,929**	**4,004,553**

The amounts recognized as "Intangible assets" and presented above represent the cost of the assets constructed or purchased, net of amortization, which are utilized for concession services.

The amortization, calculated on the estimated useful lives of assets, constructed in accordance with the concession agreement and which form an integral part of the tariff calculation basis of services, was R$ 52,455 and was charged to the statement of income for the period ended March 31, 2016.

The income tax and social contribution on the revaluation balance totaled R$ 3, ((Nota 14) (b)) at March 31, 2016 (December 31, 2015 - R$ 3,292). The net amount related to the realization of the revaluation reserve is not considered in the dividend distribution calculation basis.

During the period ended March 31, 2016, the Company capitalized R$ 5,182 (March 31, 2015 - R$ 4,545), which was related to interest on loans obtained for the construction of those assets. The weighted average rate of the financial debt interest, used for capitalization of interest on the balance of work in progress, was 13.94% p.a. for the quarter ended March 31, 2016 (12.37% p.a. for the quarter ended March 31, 2015).

12 Loans, financing and debentures

	March 31, 2016		December 31, 2015	
	Current	**Non-current**	**Current**	**Non-current**
Loans and financing	535,878	1,960,588	548,326	2,076,551
Non-convertible debentures	35,363	1,213,405	28,397	1,169,793
	571,241	3,173,993	576,723	3,246,344

a. Loans and financing

		March 31, 2016		December 31, 2015	
	Charges - %	**Current**	**Non-current**	**Current**	**Non-current**
In local currency					
BNDES (Project V)	TJLP + 2.8 a.a.	114,641	28,511	114,355	56,821
BNDES (Project VI)	TJ462 + 1.8 a.a.	171,992	600,138	171,617	639,742
BNDES (Project VI)	SELIC + 1.8 a.a.	64,555	230,499	62,532	238,806
BNDES (Project VI)	TJLP	1,432	2,252	1,427	2,598
BNDES (Project VII)	TJLP + 2.0 a.a.	181	44,081	-	-
BNDES (Project VII)	SELIC + 1.96 a.a.	15	22,235	-	-
Cost of transaction		(1,076)	(1,735)	(1,076)	(2,004)
	.	351,740	925,981	348,855	935,963
In foreign currency (i)					
EIB II - first release - USD	3.881 a.a.	56,945	180,327	61,155	190,379
EIB II - second release - USD	2.936 a.a.	25,192	82,140	27,824	99,953
EIB II - third release - USD	LIBOR 6M	47,544	178,795	50,185	191,759
EIB II - fourth release - USD	LIBOR 6M	42,220	166,115	46,844	200,915
SCOTIABANK - Resolution nº 4.131	2.78 a.a.	7,293	256,766	8,037	274,786
TOKYO - Resolution nº 4.131	2.8114 a.a.	4,944	170,464	5,426	182,796
		184,138	1,034,607	199,471	1,140,588
		535,878	**1,960,588**	**548,326**	**2,076,551**

(i) For all loans in foreign currency, the Company contracts derivative financial instruments to hedge itself against possible variations in the foreign exchange rate.

The amounts classified as non-current have the following maturity by year:

	March 31, 2016	December 31, 2015
13 to 24 months	424,755	470,396
25 to 36 months	816,598	842,687
37 to 48 months	395,371	389,569
49 to 60 months	257,823	318,953
61 to 72 months	48,357	54,946
72 months or more	17,684	-
	1,960,588	**2,076,551**

The percentage of our debts is 79.07% floating and 20.93% fixed (2015 - 77.46% floating and 22.54% fixed).

The Company recognized the transaction cost related to the loans with the BNDES amounting to R$ 5,355, with amortization to R$ 2,544.

There were no cases of non-compliance or breach of contractual agreements with creditors during the period.

On March 31, 2016, the Company is in compliance with all financial ratios (financial covenants).

b. Non-convertible debentures

				Interest		March 31, 2016		December 31, 2015	
Date of issue	**Emission**	**Series**	**Quantity**	**Index**	**Annual interest**	**Current**	**Non-current**	**Current**	**Non-current**
9/15/2013	(i) 3ª	1°	128.197	CDI	0.90%	792	128,197	5,427	128,197
9/15/2013	(i) 3ª	2°	269.338	IPCA	5.10%	16,666	319,924	16,131	304,288
9/15/2013	(i) 3ª	3°	142.465	IPCA	5.60%	9,542	167,658	9,219	157,081
Transaction cost	(i) 3ª					(1,207)	(3,004)	(1,397)	(3,353)
12/15/2015	(ii) 4ª	1°	269.620	IPCA	7.14%	5,070	278,039	370	270,272
12/15/2015	(ii) 4ª	2°	242.374	IPCA	7.48%	4,768	249,942	348	242,960
12/15/2015	(ii) 4ª	3°	79.900	IPCA	7.36%	1,546	82,395	113	80,094
Transaction cost	(ii) 4ª					(1,814)	(9,746)	(1,814)	(9,746)
						35,363	**1,213,405**	**28,397**	**1,169,793**

	3ª emission (i)			4ª emission (ii)			
Changes (iii)	**1st issue**	**2nd issue**	**3rd issue**	**1st issue**	**2nd issue**	**3rd issue**	**Total**
December 31, 2015	**133,624**	**320,419**	**166,300**	**270,642**	**243,308**	**80,207**	**1,214,500**
Repayment of interest	(9,222)	-	-	-	-	-	(9,222)
Monetary variation	-	12,234	8,193	7,767	6,982	2,301	37,477
Financial charges	4,586	3,938	2,707	4,700	4,420	1,433	21,784
March 31, 2016	**128,988**	**336,591**	**177,200**	**283,109**	**254,710**	**83,941**	**1,264,539**

(i) On September 15, 2013, debentures were issued on the 3rd issue of simple unsecured debentures not convertible into shares of the Company. The resources were raised in three series, amounting of R$ 540 million, and the total value of the first series corresponded to the amount of R$ 128,197; the total value of the second series corresponded to the amount of R$ 269,338 and the total value of the third series corresponded to R$ 142,465;

(ii) On December 15, 2015, debentures were issued on the 4th issue of simple unsecured debentures not convertible into shares of the Company. The resources were raised in three sets, amounting of R$ 591,894; and

(iii) The changes do not include transaction costs.

13 Trade payables

	March 31, 2016	December 31, 2015
Natural gas suppliers	1,352,519	1,489,552
Material and services suppliers	85,978	107,821
Judicial deposits	(294,976)	(294,976)
	1,143,521	**1,302,397**

The Company has contracts for the supply of natural gas under the following conditions:

- Contract with PETROBRAS in firm mode, started in January 2008, with duration until December 2019, and with a daily amount of contract national gas of 5.22 million m³/day named Firme Nacional.

- Contract with PETROBRAS in firm mode, started in June 1999, with duration until June 2019, and with a daily amount of contract Bolivian gas of 8.10 million m³/day named TCQ.

- Two gas contracts entered in the Priority Thermal Power Program (Programa Prioritário de Termeletricidade, PPT) with PETROBRAS, for supply of 3.06 million m³/day, in which 2.76 million m³/day with the UTE-Fernando Gasparian with validity until June 30, 2016 and 0.3 million m³/day with INGREDION BRASIL INGREDIENTES INDUSTRIAIS LTDA., with validity until March 31, 2023.

- Contract with Gas Brasiliano in firm mode, started in April 2008, with validity until March 2016, renewed until March 26, 2019 and with a monthly contracted average volume of 0.76 million m³ and an annual contracted volume of 9.12 million m³.

  The natural gas supply contracts have specific characteristics, such as obligations of minimum withdrawal by the Company part (take or pay for commodity and ship or pay for shipping), which means if the Company consummates below the contractual obligations, would have to pay the differences between the volume consumed and the minimum contracted volumes, but in the contracts are established recovery rules (through consumption) these commitments paid and not used, even take or pay or ship or pay. The deadline for this recovery is 365 days after the end of the date of the contracts. During the period of validity the recovery is possible, provide that the consumption exceeds the minimum contracted amount. Within one year after the end of the initial term of the contracts the Company can recover the entire volume withdrawn, since the contract does not establishe minimum commitments for this period. The amounts paid and not used were recognized in the balance sheet under the caption "Transportation paid and not used".

  The contracts for the supply of natural gas have their composite price built in two parts: a part that is indexed according to a basket of fuel oil in the international market and readjusted quarterly; and another part that is readjusted annually based on the domestic and/or American inflation. The cost of gas is practiced in R$/m³, and the Bolivian gas is calculated at US$/MMBTU, with correction by the monthly exchange rate variation.

On February 25, 2014, COMGAS obtained a preliminary injunction against PETROBRAS, which assured the Company the right to provide a deposit of the controversial monthly value due to PETROBRAS, corresponding to the difference in prices between (i) the price in the TCQ Contract for the Supply of Gas signed between Comgas and Petrobras and (ii) the price under the Firm Contract signed between Petrobras and Gas Brasiliano Distribuidora S.A. , whereas the obligation of equality assumed before the Petrobras Group with the State Regulatory Agency - ARSESP. Initially, the security was provided by bank deposits which, subsequently, after the preliminary injunction was granted by the STJ in November 6, 2014, were replaced by a letter of guarantee issued by a first-tier financial institution.

The disputed amounts determined from the supply of January-September gas in 2014, were secured in court by judicial deposit and controversial values calculated from the supply of gas in October 2014 to September 2015 are now guaranteed by bank guarantees.

In October 2015, and there is no difference between (i) the price charged in TCQ Gas Supply Agreement signed between Comgás and Petrobras and (ii) the price charged in the Firm Supply Agreement signed between Petrobras and Gas Brasiliano Distribuidora SA, and the following month, taking place the end of the discount policy, was suspended payment on bail.

The amount guaranteed in judicial deposit is R $ 294,976 and secured by bail amount is R $ 689,314.

14 Income tax and social contribution

a. Income tax and social contribution

The reconciliation between the expenditure for the income tax and social contributions by the nominal rate and by the actual rate is shown below:

	2016	2015
	January until March	**January until March**
Profit before income tax and social contribution	335,970	92,712
Rate - %	34	34
Income tax and social contribution - nominal rate	(114,230)	(31,522)
Adjustments to determine the effective rate		
Tax incentives	448	-
Interest on capital	(620)	(763)
Reversal of deferred / inventory write-offs	-	(9,919)
Other	(596)	-
Income tax and social contribution expense	**(114,998)**	**(42,204)**
Current	(84,835)	-
Deferred	(30,163)	(42,204)
Effective rate - %	**34.23%**	**45.52%**

b. Deferred income tax and social contribution

The changes of the assets and liabilities of deferred income taxes during the period ended in March 31, without taking into account the offsetting balances, is as follows:

	Pension and post-employment benefit plans (i)	Accruals	Losses fair value	Regulatory asses (liability)	Goodwill on incorporation	Other	Total
Deferred tax asset							
December 31, 2015	100,537	137,955	180	76,762	393,933	5,188	714,555
Debited (credited) to the income statement	1,747	3,607	(2,872)	(1,431)	(42,207)	1,988	(39,168)
March 31, 2016	102,284	141,562	(2,692)	75,331	351,726	7,176	675,387

	Reevaluation fair value	Property revaluation	Useful life review (ii)	Total
Deferred tax liabilities				
December 31, 2015	(17,667)	(3,292)	(100,153)	(121,112)
Credited (debited) to the income statement	7,098	41	1,866	9,005
March 31, 2016	(10,569)	(3,251)	(98,287)	(112,107)
Net				563,280

(i) The credit related to the accrual of post-employment benefits has an estimated period of financial realization of 25 to 30 years and the tax credits on the other temporary differences have an estimated period of three to five years.

(ii) Income and social contribution taxes arising from the review of the calculations of previous years, with the application of life rate provided for in the income tax legislation. The balance will be amortized over the remaining term of the concession pursuant to Article 69 of Law 12,973/14.

15 Provision for judicial demands

	Tax	Civil	Labor	Total
December 31, 2015	**14,442**	**42,007**	**18,349**	**74,798**
Write-offs by reversal	(18)	(7)	(194)	(219)
Write-offs by payment	-	(308)	(828)	(1,136)
Additions	8	134	642	784
Interest	392	2,107	424	2,923
March 31, 2016	**14,824**	**43,933**	**18,393**	**77,150**

Possible losses, not accrued in the balance sheet

The Company has claims of tax, civil and labor, nature involving risks of loss classified by the administration as possible, based on the assessment of its legal advisors, for which there is no accrual, according to the following compositions and estimates:

	March 31, 2016	December 31, 2015
Labor (i)	13,445	13,879
Civil (ii)	72,324	70,023
Tax (iii)	899,042	256,247
	984,811	**340,149**

(i) The labor claims relate to questionings on various claims concerning differences in wages, overtime, additional pay for hazardous and unsanitary work, and joint and several liability, among other.

(ii) The civil claims are originated from the normal course of the Company's activities, involving lawsuits for compensation for losses and damages of accidents occurred in the network

(iii) The tax contingencies relate to the tax assessments mainly in the Federal sphere assessed as possible losses by the legal counsel and management and, therefore, no reserve was booked. Until the date of approval of the interim financial statements, the Company had science assessment notice on goodwill amortization expense which amounting possible is R$ 598,052. The tax assessment is being questioned at the administrative level.

The Company is part of another tax assessment in the amount of R$ 284,368, which discusses the income tax withheld at source (IRRF) on the capital gain, which contingency is of the former controlling shareholder responsibility as contractual arrangements.

16 Shareholder´s equity

a. Share Capital

The Company is authorized to increase the share capital up to the limit of R$ 1,200,000 million of real regardless of statutory reform, through the issuance of common and / or preferred shares, by resolution of the Board of Directors, which will determine, in each case, the conditions of issue.

	Number of share - thousand in March 31, 2016					
	Common shares	**Percentage**	**Preferred shares**	**Percentage**	**Total**	**Percentage**
Stockholders						
Cosan S A Indústria e Comércio	71,587	73.66	4,471	16.67	76,058	61.33
Integral Investments BV	14,212	14.62	-	-	14,212	11.46
LAPB Poland FIA	101	0.10	11,104	41.41	11,205	9.04
Shell Brazil Holding B V	7,594	7.81	-	-	7,594	6.12
Skopos Master Participações FIA	861	0.89	121	0.45	982	0.79
Outros	2,837	2.92	11,121	41.47	13,958	11.26
	97,192	**100**	**26,817**	**100**	**124,009**	**100**

There were no changes of the total number of shares in the period.

b. Dividends

Regards to the Minutes of the Board of Directors on February 18, 2016 it was considered and approved the allocation to dividends of R $ 1.2 million related to the excess of retained earnings at November 30, 2015, calculated based on special balance sheet at that date and account retention of the same balance sheet profits, attributed to the minimum mandatory dividend for the fiscal year ended December 31, 2015. The amount of R$ 1,199,732 was paid on February 25, 2016. In addition, dividends were paid to they were already resolved and recorded in current liabilities of R$ 3,083.

17 Earnings per share

There are no potential shares with dilutive effects, therefore there is no difference between basic and diluted earnings per share.

The following table sets the calculation of earnings per share for the periods ended March 31, 2016 and 2015 (in thousands, except per share amounts):

	March 31, 2016			March 31, 2015		
	Preferred shares	**Common shares**	**Total**	**Preferred shares**	**Common shares**	**Total**
Profit for the period	51,452	169,520	220,972	11,760	38,748	50,508
Weighted average number of shares (thousand) (i)	27,532	99,782	127,313	27,532	99,782	127,313
Earnings per share - R$	1.87	1.70	1.74	0.43	0.39	0.40

(i) The weighted average number of shares for the periods ended March 31, 2016 and 2015 was adjusted due to the capital increase through the capitalization of goodwill from capital reserve (note 22).

18 Financial results

	Note	2016 January until March	2015 January until March
Net monetary variations			
Loans and financing		(29,859)	(24,464)
Active monetary variations		1,347	731
Passive monetary variations		(22,195)	(6,398)
		(50,707)	**(30,131)**
Other financial expenses			
Interest expense on loans/financing/debentures		(67,954)	(59,345)
Commissions/bank charges		(12,468)	(8,892)
Interest capitalization	11	5,182	4,545
Interest CPC 33 (R1) -Post-employment benefits	20	(10,093)	(8,623)
Adjustment to market value		(12,245)	(7,094)
Other		(1,986)	(1,189)
		(99,564)	**(80,598)**
Other financial income			
Late payment charges from clients		4,742	4,512
Revenues from financial investments		50,872	31,535
Interest		382	536
Taxes on financial transactions		(2,671)	-
Other		870	187
		54,195	**36,770**
		(96,076)	**(73,959)**

19 Financial instruments

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk, and
- Market risk

The carrying amounts of financial assets and liabilities are as follows:

	March 31, 2016	December 31, 2015
Assets		
Fair value through profit		
Derivate financial instruments	557,395	665,032
	557,395	**665,032**
Loans and receivables		
Cash and cash equivalents	1,000,160	1,967,643
Trade and other receivables	643,891	696,027
	1,644,051	**2,663,670**
Total	**2,201,446**	**3,328,702**
Liabilities		
Liabilities amortized cost		
Loans	1,277,721	1,284,818
Non-convertible debentures	1,248,768	711,472
Trade payables	1,143,521	1,302,397
	3,670,010	**3,298,687**
Fair value of income		
Loans	1,218,745	1,340,059
Debentures	513,790	486,718
	1,732,535	**1,826,777**
	5,402,545	**5,125,464**

Structure of financial risk management

On March 31, 2016 and December 31, 2015, the fair values related to transactions involving derivative financial instruments to hedge risk exposure of the Company were using observable inputs such as quoted prices in active or streams markets discounted based on curves market and are shown below:

	Notional (i)		Fair value	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Interest rate and exchange rate risk				
Exchange				
Swap agreements (interest rate)	462,447	462,447	19,427	8,535
Swap agreements (interest rate and exchange)	712,151	841,890	537,968	656,497
	1,174,598	1,304,337	557,395	665,032
Total financial instruments			**557,395**	**665,032**

(i) Amounts equivalent to the notional value in US dollars US$347,401 converted to R$ by contracting day dollar rate.

Credit risk

On March 31, 2016, the Company had the following main financial instruments:

	March 31, 2016	December 31, 2015
Cash and cash equivalents(i)	1,000,160	1,967,643
Trade receivables(ii)	464,028	523,030
Derivative financial instruments	557,395	665,032
	2,021,583	**3,155,705**

(i) The "Cash and cash equivalents" are held with Banks and financial institutions with credit ratings between AA, AAA and BB.

	March 31, 2016	December 31, 2015
Current accounts and current bank deposits (*)		
AAA	-	611,095
AA	897,588	1,302,325
BB	102,572	54,223
	1,000,160	**1,967,643**

(*) Classification accepted and known by the financial market with methodology evidenced by international agencies of risk classification.

(ii) On March 31, 2016 the Company has a portfolio of approximately 1.573 million customers, residential, commercial, industrial, automotive, cogeneration and thermal cogeneration, there is no concentration of credit in large consumers by volume exceeding 10% of sales thus diluting the risk of default.

This risk is represented by accounts receivable of the Company's customers in all segments, which, is mitigated by selling the whole customer base.

The Company has no exposure to risk related to transfers of financial assets at the end of the years presented.

Liquidity risk

Liquidity risk is represented by cash flow mismatches, resulting from difficulties to rapidly carry out the of an asset or obtain funds, thus affecting the financial capacity.

The Company is exposed to liquidity risk, including risks associated with refinancing loans and financings as their mature are to expire with risk of the credits line are not available to meet the Company's cash requirements and future commitments as well as the risk that financial assets cannot be easily converted to cash without loss of value.

In order to mitigate that risk, the Company adopts two general guidelines:

The Company has as policy the interest rate to creditors at floating rates in local currency. If these loans are obtained in other rates, the Company may use derivative instruments.

The Company manage the liquidity risk through the maintenance of credits lines adequate to its commitments and holding its financial assets concentrated in short-term deposits in prime institutions with daily liquidity.

The table below analyzes the Company's non-derivative financial liabilities and the derivative financial liabilities settled by the Company into relevant maturity groupings corresponding to the remaining period at the financial statements until the contractual maturity date. The amounts presented in the table are the cash flows non-discounted.

	March 31, 2016					December 31, 2015
	Until 1 year	From 1 to 2 years	From 3 to 5 years	More than 5 years	Total	Total
Loans	743,638	1,146,868	2,676,336	786,789	5,353,631	5,263,756
Derivatives financial instruments	(32,339)	(211,494)	(286,999)	(32,081)	(562,913)	(756,702)
Trade, advancements from clients and other	1,150,234	-	-	-	1,150,234	1,307,928
	1,861,533	**935,374**	**2,389,337**	**754,708**	**5,940,952**	**5,814,982**

Market risk

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

a. Risk of Exchange rate

On March 31, 2016 and December 31, 2015 the Company had the following net foreign exchange exposure in search results on assets and liabilities denominated in US dollars:

	March 31, 2016 (*)	December 31, 2015 (*)
Loans	(1,218,745)	(1,340,059)
Derivative financial instruments	1,218,745	1,340,059
Foreign exchange exposure, net	-	-

(*) These amounts are equivalent to the notional value in US dollars converted to R$ for dollar rate on March 31, 2016.

The following is a sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed as at March 31, 2016:

Sensitivity analysis of changes in Exchange rates

Based on financial instruments denominated in US dollars as of December 31, 2015, the Company had simulations with increases and decreases in the exchange rate (R$ / US$) of 25% and 50%. The probable scenario considers the Company's projections for exchange rates at maturity of operations, as follows:

	Exchange rate sensitivity analysis (R$/US$)				
		Scenario			
	Probable	-25%	-50%	25%	50%
At March 31, 2016	3.9600	2.9700	1.9800	4.9500	5.9400

		Variations scenarios				
Exposure to exchange rate	**Risk factor**	**Probable**	**-25%**	**-50%**	**25%**	**50%**
Interest rate derivatives and foreign exchange (*)	Decreases in the exchange rate R$/US$	139,340	(204,587)	(548,514)	483,266	827,193
Loans	Increases in the exchange rate R$/US$	(139,340)	204,587	548,514	(483,266)	(827,193)
Impacts on income		-	-	-	-	-

(*) for sensitivity analysis purposes is only considered the exchange.

b. Interest rate risk

The variation of the interest on loans and financing that have floating rates is similar to the variation in interest received on the implementation of the company's cash, also floating. The risk is mitigated and the variation between the proposed interest scenarios almost is no effect.

Sensitivity analysis of changes in interest rates

The sensitivity analysis on interest rates on loans and financing and remuneration for CDI of financial investments increase and decrease of 25% and 50 % is as follows:

		March 31, 2016				
Exposure interest rate(i)	**Amounts**	**Probable**	**25%**	**50%**	**-25%**	**-50%**
Financial investments	967,974	136,872	(34,218)	(68,436)	34,218	68,436
Loans	(3,745,234)	(440,248)	110,062	220,124	(110,062)	(220,124)
Derivatives	462,447	20,003	106,388	198,969	(61,106)	(137,698)
Impacts on income		**(283,373)**	**182,232**	**350,657**	**(136,950)**	**(289,386)**

(i) The rates of CDI and TJLP considered 14.13% and 7.50%, respectively , were obtained from information provided by the market.

Fair value of financial instruments

The fair value of financial instruments that are traded on an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on methods and conditions widely used by the market at balance sheet date.

The Company adopted the amendments to CPC 40 (R1) for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Company's assets and liabilities that were measured at fair value:

			Assets and liabilities measured at fair value			
	Account		March 31, 2016		December 31, 2015	
	March 31, 2016	December 31, 2015	Level 1	Level 2	Level 1	Level 2
Assets						
Derivate financial instruments	557,395	665,032	-	557,395	-	665,032
Total	**557,395**	**665,032**	**-**	**557,395**	**-**	**665,032**
Liabilities						
Loans, borrowings and debentures	(1,732,536)	(1,826,777)	-	(1,732,536)	-	(1,826,777)
	-	-	-	-	-	-
Total	**(1,732,536)**	**(1,826,777)**	**-**	**(1,732,536)**	**-**	**(1,826,777)**

Hedge accounting

The Company maintains derivative instruments of financial hedge to hedge its exposures to changes in inflation and interest rates.

Hedge accounting - fair value

In order to protect the Company from potential fluctuations in interest rates and inflation " IPCA" it was appointed after April 1, 2015 hedge accounting (fair value hedge) to contract loans" 2nd and 3rd series debentures " using derivative transactions, cash flow swaps, changing the interest rate risk and IPCA by percentage of CDI.

The table below shows the amount of debt and the fair value gain recognized in the income statement after designation date until the period closing.

	Debt	Derivatives	Total
At December 31, 2015	486,718	(8,535)	478,183
Fair value	29,450	(2,501)	26,949
At March 31, 2016	**516,168**	**(11,036)**	**505,132**

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the policy for dividends paid.

The Company monitors capital based on financial leverage indices, involving cash generation (EBITDA), short-term indebtedness and total indebtedness. These indices (covenants) are used by financial institutions in loans contracts.

One of the financial leverage indices used by Management is shown below:

	March 31, 2016	December 31, 2015
Net debt	2,187,679	1,190,392
EBITDA	1,794,750	1,529,918
(=) Net debt/EBITDA	**1.22**	**0.78**

20 Post-employment benefits

The amounts related to post-employment benefit plans, which include health care, incentive pensions, sickness allowance and disability allowance, are recorded in accordance with CVM Deliberation 695.

The Company maintains with Bradesco Vida e Previdência S.A a variable-contribution complementary open pension plan, or Free Benefit Generating Plan (PGBL), structured under the financial capitalization method, approved by the Superintendence of Private Insurance (SUSEP). The plan is the fixed income and aims to grant benefit pension plan in the form of monthly income for life.

The changes in the actuarial liability for the period ended March 31, 2016 is as follows:

	2016
	January until March
Net actuarial liability in January 1st	295,698
Expenses for period	10,235
Employer contributions	(5,097)
Net actuarial liability	**300,836**

The expenses recognized in the statement of income for the period ended March 31, are as follows:

	2016	2015
	January until March	**January until March**
Gross current service cost (with interest)	142	147
Interest on actuarial obligation	10,093	8,623
Expenses	**10,235**	**8,770**

The tax effects of this provision are recorded in "Deferred income tax and social contribution" Note (14) (b).

21 Commitments

Assets (liabilities) regulatory

	March 31, 2016	December 31, 2015
Cost of gas to be recovered/(transferred)	(87,466)	114,076
Credits of taxes to be recovered/(transferred)	(6,473)	(3,910)
Adjustment to present value of taxes	424	192
Other	15,488	6,589
Effect on equity	**(78,027)**	**116,947**
Opening balance	116,947	242,654
Closing balance	(78,027)	116,947
Effect on the result of period		
Expenses not recognized in income before taxes	**(194,974)**	**(125,707)**
Regulatory assets (liabilities)	(193,841)	(145,545)
Adjustment	2,252	26,111
Other	(3,385)	(6,273)
	(194,974)	**(125,707)**

The tariffs for the supply of gas to the different customer segments are authorized by the conceding authority. In accordance with the terms of the Concession Agreement, the differences between the cost component of gas included in the tariffs charged to the customers and the actual cost of gas incurred are determined on a monthly basis and charged or credited to a regulation account (regulatory account).

Periodically, charges or credits in the tariffs are determined by the regulator with the objective of amortizing the amounts accumulated in this account.

The balance of this account is considered as an asset or as a liability, pursuant to the regulator's chart of accounts and for income tax purposes. However, this account is excluded from the financial statements prepared in accordance with accounting practices adopted in Brazil and IFRS, because the respective balance is not considered as an asset or as a liability, as its realization or liquidation depends on further purchases by the Company's consumers. Therefore, the balances presented above are not recorded in these financial statements.

22 Subsequent events

On April 26, 2016, it was approved at the Annual and Extraordinary General Meeting the increase of subscribed and paid-up capital in the amount of R $ 168,828 (one hundred sixty-eight million, eight hundred and twenty-eight thousand reais), from R$ 1,143,548 (one billion, one hundred forty-three million, five hundred and forty-eight thousand reais), on December 31, 2015, to R$ 1,312,376 (one billion, three hundred and twelve million three hundred seventy-six thousand reais), through the capitalization of goodwill capital reserve in the amount of actual tax credit earned by the Company in the 2015 calendar year.

The capital will be represented by 99,781,567 (ninety-nine million seven hundred eighty-one thousand, five hundred sixty-seven) common shares without par value and fully paid and 27,531,734 (twenty-seven million, five hundred and thirty one thousand, seven hundred and thirty four) preferred shares class A.

Companhia de Gás de São Paulo - COMGÁS

Financial statements ended
December 31, 2015

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
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Independent auditors` report

To the Board of Directors and Shareholders
Companhia de Gás de São Paulo - COMGÁS
São Paulo - SP

We have audited the accompanying financial statements of Companhia de Gás de São Paulo - COMGÁS ("the Company"), which comprise the statement of financial position as at December 31, 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In this risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on financial statements
In our opinion, the financial statements present fairly, in all material respects, the financial position of Companhia de Gás de São Paulo - COMGÁS as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB.

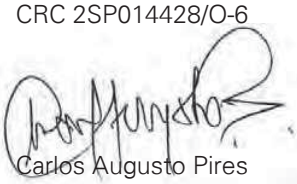
Other matters

Statements of value added
We have also audited the statements of value added (DVA), for the year ended December 31, 2015, prepared under the responsibility of the Company's management, which presentation in the financial statements is required in accordance with standards issued by the Brazilian Securities Commission - CVM, and as supplemental information by IFRS which do not required the presentation of DVA. These statements were subject to the same audit procedures described above, and based on our audit, are presented fairly, in all material respects, in relation to the financial statements taken as a whole.

Corresponding values
The statements of financial position as at December 31, 2014, the statements of profit or loss and other comprehensive income, changes in equity, cash flows and value added and respective notes for the year ended December 31, 2014 were previously audited by another independent auditor who issued an unqualified opinion dated on March 2, 2015.

São Paulo, February 16, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6



Carlos Augusto Pires
Contador CRC 1SP184830/O-7

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Companhia de Gás de São Paulo - COMGÁS

Statements of financial position December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

Assets	Note	2015	2014	Liabilities and equity	N
Current					
Cash and cash equivalents	5	1,967,643	973,707	**Current liabilities**	
Trade receivables	6	485,994	587,269	Derivative financial instruments	
Other receivables		35,679	20,939	Loans and financing	
Inventories	7	134,347	125,406	Non-convertible debentures	
Transportation paid and not used	8	-	5,442	Trade payables	
Recoverable taxes	9	117,064	115,485	Payable to related parties	
Derivative financial instruments	21	26,954	-	Salaries and social charges	
Receivables from related parties	10	1,240	1,319	Income tax payable	
Other		21,059	21,381	Dividends and interest on capital	
				Advances from customers and others	
		2,789,980	1,850,948	Other payables	
Non-current assets					
Trade receivables	6	37,036	36,993	**Non-current liabilities**	
Transportation paid and not used	8	204,725	158,244	Loans and financing	
Recoverable taxes	9	13,540	17,107	Non-convertible debentures	
Derivative financial instruments	21	638,078	335,058	Advances from customers and others	
Deferred tax assets	14	593,443	799,051	Post-employment benefits	
Judicial deposits		43,495	42,029	Provisions for judicial demands	
Other		1,343	1,704		
		1,531,660	1,390,186		
				Total liabilities	
				Shareholders' equity	
				Share capital	
				Capital reserves	
Intangible assets	11	4,546,391	4,399,290	Revaluation reserves	
				Revenue reserves	
				Carrying value adjustments	
		6,078,051	5,789,476		
Total assets		8,868,031	7,640,424	**Total shareholders' equity and liabilities**	

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

Companhia de Gás de São Paulo - COMGÁS

Statement of profit or loss

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

	Note	2015	2014
Net sales	18	**6,597,017**	**6,387,103**
Sale of gas		6,151,930	5,865,164
Construction revenue - ICPC 01		408,086	481,314
Other income		37,001	40,625
Cost of gas	19	**(4,580,204)**	**(4,494,910)**
Cost of gas		(3,525,522)	(3,580,552)
Transportation and other		(646,596)	(433,044)
Construction - ICPC 01		(408,086)	(481,314)
Gross profit		**2,016,813**	**1,892,193**
Selling expenses	19	(145,291)	(116,592)
General and administrative expenses	19	(694,859)	(714,849)
Other operating expenses		(6,116)	(10,865)
Operating expenses		**1,170,547**	**1,049,887**
Financial results, net	20	**(181,889)**	**(193,025)**
Financial income		238,620	111,485
Financial costs		(420,509)	(304,510)
Profit before income tax and social contribution		**988,658**	**856,862**
Income tax and social contribution	14	**(289,806)**	**(245,261)**
Current		(84,773)	(90,821)
Deferred		(205,033)	(154,440)
Profit for the year		**698,852**	**611,601**
Basic and diluted earnings per share attributable to the owners of the Company - R$ per share	17		
Preferred shares		6,10	5,43
Common shares		5,55	4,94
Total		5,67	5,05

The accompanying notes are an integral part of these financial statements

Companhia de Gás de São Paulo - COMGÁS

Statement of comprehensive income

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

	2015	2014
Profit for the year	698,852	611,601
Other comprehensive income		
Actuarial gain (loss) on defined benefit plan	1,692	6,743
Taxes on actuarial gain or loss on defined benefit plan	(575)	(2,293)
Other comprehensive income for the year	1,117	4,450
Total comprehensive income for the year	**699,969**	**616,051**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of changes in shareholder' equity

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

		Capital reserves				Revenue reserves		
	Share capital	Tax incentives	For future capitalization	Special goodwill reserve	Revaluation reserves	Legal reserve	Profit retention	Re
January 1, 2014	**764,155**	**1,201**	**140,822**	**703,450**	**9,339**	**124,283**	**976,455**	
Profit for the year	-	-	-	-	-	-	-	
Actuarial gains and losses	-	-	-	-	-	-	-	
Taxes on actuarial gains and losses	-	-	-	-	-	-	-	
Realization of revaluation reserve	-	-	-	-	(1,816)	-	-	
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(1,816)**	**-**	**-**	
Dividends	-	-	-	-	-	-	-	
Interest on capital	-	-	-	-	-	-	-	
Special goodwill reserve	-	-	140,690	(140,690)	-	-	-	
Legal reserve	-	-	-	-	-	30,671	-	
Profit retention	-	-	-	-	-	-	419,118	
Capital increase	238,703	-	(140,823)	-	-	-	(97,880)	
Total contributions by and distributions to owners	**238,703**	**-**	**(133)**	**(140,690)**	**-**	**30,671**	**321,238**	
December 31, 2014	**1,002,858**	**1,201**	**140,690**	**562,760**	**7,523**	**154,954**	**1,297,693**	
Profit for the year	-	-	-	-	-	-	-	
Actuarial gains and losses	-	-	-	-	-	-	-	
Taxes on actuarial gains and losses	-	-	-	-	-	-	-	
Realization of revaluation reserve	-	-	-	-	(1,160)	-	-	
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(1,160)**	**-**	**-**	
Dividends	-	-	-	-	-	-	(309,098)	
Interest on capital	-	-	-	-	-	-	-	
Special goodwill reserve	-	-	168,828	(168,828)	-	-	-	
Legal reserve	-	-	-	-	-	35,001	-	
Profit retention	-	-	-	-	-	-	346,680	
Capital increase	140,690	-	(140,690)	-	-	-	-	
Total contributions by and distributions to owners	**140,690**	**-**	**28,138**	**(168,828)**	**-**	**35,001**	**37,582**	
December 31, 2015	**1,143,548**	**1,201**	**168,828**	**393,932**	**6,363**	**189,955**	**1,335,275**	

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

Companhia de Gás de São Paulo - COMGÁS

Statement of cash flows

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

	2015	2014
Cash flow from operating activities		
Profit before taxes	988,658	856,862
Adjustments for:		
Depreciation and amortization	359,927	385,347
Loss on the disposal of intangible assets	9,669	9,570
Interest and monetary variations	326,963	281,285
Provision for judicial demands	6,932	(12,071)
Post-employment benefits	18,828	18,063
Impairment of trade receivables	20,078	19,165
Other	3,559	-
	1,734,614	1,558,221
Variations in:		
Trade and other receivables	81,889	(45,565)
Recoverable taxes	(10,061)	(3,154)
Stocks	(12,639)	(4,153)
Trade payables	407,468	142,373
Taxes and contributions	47,606	(20,529)
Provisions and profit sharing	15,453	(524)
Other	(39,578)	(31,573)
s	**2,224,752**	**1,595,096**
Interest paid	(204,947)	(164,990)
Income tax and social contribution paid	(86,693)	(111,970)
Net cash provided by operations activities	**1,933,112**	**1,318,136**
Cash flow from investing activities		
Additions to intangible assets	(521,313)	(661,544)
Cash used in investing activities	**(521,313)**	**(661,544)**
Cash flow from financing activities		
Proceeds from new loans and borrowings	879,637	399,979
Payment of principal - loans and borrowings	(677,027)	(344,883)
Interest on capital paid	(158,541)	(225,685)
Dividends paid	(461,932)	(48,253)
Net cash used in financing activities	**(417,863)**	**(218,842)**
Increase in cash and cash equivalents	**993,936**	**437,750**
Cash and cash equivalents at the beginning of the year	**973,707**	**535,957**
Cash and cash equivalents at the end of the year	**1,967,643**	**973,707**

The accompanying notes are an integral part of these financial statements

Companhia de Gás de São Paulo - COMGÁS

Statement of value added

December 31, 2015 and 2014

(In thousands of Brazilian Reais - R$)

	2015	2014
Revenue	8,081,265	7,834,924
Sale of gas	7,656,569	7,337,901
Other operating income	42,804	45,739
Provision for impairment of trade receivables	(20,078)	(19,165)
Construction revenue - ICPC 01	408,086	481,314
Other income (expenses)	(6,116)	(10,865)
Costs and expenses	(5,760,581)	(5,636,261)
Cost of gas and transportation	(5,142,732)	(4,950,934)
Cost of sales and services	(21,524)	(19,889)
Construction costs - ICPC 01	(408,086)	(481,314)
Materials, services and other expenses	(188,239)	(184,124)
Gross value added	2,320,684	2,198,663
Retentions	(359,927)	(385,347)
Amortization	(359,927)	(385,347)
Net value added generated by the Company	1,960,757	1,813,316
Value added received through transfer	238,620	111,485
Financial income	238,620	111,485
Total value added to distribute	2,199,377	1,924,801
Distribution of value added		
Personnel and social charges	181,254	165,219
Taxes and contributions	881,151	818,555
Finance costs and rentals	438,120	329,426
Proposed dividends	135,472	18,620
Interest on capital	160,133	145,008
Profit retention	403,247	447,973
	2,199,377	1,924,801

The accompanying notes are an integral part of these financial statements

Notes to the financial statements

(In thousands of Brazilian Reais - R$)

1 General information

The main activity of Companhia de Gás de São Paulo - COMGÁS (the "Company") is the distribution of piped natural gas in part of the State of São Paulo (in approximately 180 municipalities, including the region referred to as Greater São Paulo) to industrial, residential, commercial, automotive, thermal-power generation and co-generation consumers.

COMGÁS is a public company headquartered in São Paulo, State of São Paulo, Brazil, and is listed on the São Paulo Stock Exchange (BOVESPA).

The Company is a direct subsidiary of Cosan S.A. Indústria e Comércio, which holds 61.33% of the Company's share capital.

The Concession Contract for the Exploration of Public Piped Gas Distribution Services was signed on May 31, 1999 with the conceding authority - represented by the Sanitation and Energy Regulatory Agency for the State of São Paulo (ARSESP, formerly Energy Public Utilities Commission (CSPE)).

The Contract grants and regulates the concession for the exploration of public piped gas distribution services for a period of 30 years, which may be extended for a further period of 20 years at the concessionaire's request.

ARSESP is responsible for the enforcement of the agreement and for regulating, controlling and overseeing the operations of energy operators in the State of São Paulo.

The Concession Contract describes the obligations of COMGÁS, the rules for tariff review on a five-year basis, and the quality and safety indicators with which the Company must comply. ARSESP Ordinance 160/01 sets out the general conditions of piped gas supply.

The Concession Contract determines that the Company's tariffs are to be revised once a year, in the month of May, to realign the prices it charges with the cost of the gas it purchases and adjust its distribution margin for inflation.

These financial statements were approved by the Company's Board of Directors on January, 19, 2016.

2 Basis of preparation

These financial statements are being presented in thousands of Reais unless otherwise stated, and were prepared in accordance with accounting practices adopted in Brazil, based on the provisions of the Brazilian Corporate Law, the standards of the Brazilian Securities Commission (CVM) and the Pronouncements and Guidelines issued by the Brazilian Accounting Pronouncements Committee (CPC), the International Financial Reporting Standards (International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and complemented by the Chart of Accounts for Public Gas Distribution Services, established by ARSESP Ordinance 22 of November 19, 1999.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

All relevant information from its financial statements, and they alone, are being highlighted, and these correspond to those used by management in its management.

Critical accounting estimates and judgments

Based on assumptions, the Company makes estimates concerning the future. By definition, the resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk, with a probability of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a. Impairment of receivables

The estimated loss for doubtful accounts is established when there is objective evidence that the Company will not be able to receive all amounts due according to the terms of the original credit.

The Company is an individual analysis of significant debtors and other on a joint basis, and if there is any evidence that the Company will not receive the outstanding amount, the estimated loss is recorded.

b. Provisions

Provisions are recognized in the period in which it becomes probable that there will be a future outflow of funds resulting from past transactions or events that can be reasonably estimated. The time of recognition requires judment over the existing facts and circumstances, which may be subject to change.

They are recognized when the Company has a present legal or constructive obligation (constructive obligation) as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

c. Fair value of derivatives and other financial instruments

The Company has financial instruments that are traded in active markets. The Company uses best practices to choose methods and make assumptions that are mainly based on market conditions existing at balance sheet date. The Company has no financial assets available for sale, for which there are no negotiations in active markets.

d. Pension plans

The present value of pension plan obligations depends on a number of factors that are determined based on actuarial calculations, using a series of assumptions. The assumptions used in determining the cost (income) net for pension plans is the discount rate. Any changes in these assumptions will impact the carrying amount of the obligations of the pension plans.

The Company together with its external actuaries determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows to be required to settle the liabilities of pension plans. In determining the appropriate discount rate, the Company considers the corporate bond interest rates of high quality, which are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the respective obligations of pension plans.

Other key assumptions for pension obligations plans are based in part on current market conditions. Additional information is disclosed in Note 22.

e. Unbilled revenue

As mentioned in Note 2.16 - "Revenue recognition" - letter (b) - the unbilled revenue refers to part of the supplied gas, for which the measurement and billing customers have not yet occurred.

2.1 Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.2 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements are measured and stated using the currency of the primary economic environment in which the entity operates (the "functional currency").

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. The foreign exchange gains and losses arising from the settlement of these transactions and the translation at the year-end exchange rate of assets and liabilities in foreign currencies are recognized in the statement of income.

Foreign exchange gains and losses that relate to loans and cash and cash equivalents are presented in the statement of income within "Financial income or costs".

2.3 Financial instruments

2.3.1 Classification and measurement

The Company classifies its financial assets as follows: (a) held-for-trading at fair value through profit or loss; (b) loans and receivables; (c) held-to-maturity; and (d) and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. At

December, 31, 2015, the Company had no financial instruments classified in the following categories: (i) held-for-trading at fair value through profit or loss; (ii) held to maturity, and (iii) available-for-sale.

The Company classifies non derivative financial liabilities in the following categories: financial liabilities measured at fair value through profit or loss and other financial liabilities.

(i) assets and non-derivative financial liabilities - recognition and derecognition

The Company recognizes loans and receivables and debt instruments on the date that they are originated. All other assets and liabilities are recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when the rights to receive the cash flows have expired or have been transferred; in the latter case, since the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortized cost using the method of effective interest rate.

The non-recognition of a financial asset occurs when the contractual rights to the asset's cash flows expire or it transfers the rights to receive the contractual cash flows of a financial asset in a transaction in which substantially all the risks and rewards of ownership the financial asset are transferred. Any interest that is created or retained by the Group in such transferred financial assets is recognized as an asset or liability separately.

The Company non-recognize a financial liability when its contractual obligations are withdrawn, canceled or expired.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(ii) (ii) Financial non-derivative assets - measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Transaction costs are recognized in income as incurred. They are measured at fair value and changes in fair value, including earnings from interest and dividends are recognized in the income statement.

Financial assets held to maturity

These assets are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, financial assets held to maturity are measured at amortized cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits, other short-term investments with daily liquidity with original maturities of three months which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Financial assets available for sale
These assets are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, they are measured at fair value and changes, other than losses due to impairment and foreign currency differences on debt instruments are recognized in other comprehensive income and accumulated results in equity as valuation adjustments equity. When these assets are no-recognised, the cumulative gain or loss kept as valuation adjustments are reclassified to the statement. The Company has no financial assets classified as available for sale.

(iii) Financial non-derivative liabilities - measurement
A financial liability is classified as at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Transaction costs are recognized in income as incurred. financial liabilities measured at fair value through profit or loss are measured at fair value and changes in fair value of liabilities, including interest earnings and dividends are recognized in the income statement.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iv) Capital

Ordinary share
Additional costs directly attributable to issue of shares and share options are recognized as a reduction of shareholders' equity. Tax effects related to the costs of these transactions are accounted for in accordance with CPC 32 / IAS 12.

Preferred share
Preferred shares not redeemable are classified as equity, as the payment of dividends is discretionary, and they do not generate any obligation to deliver cash or another financial asset and not require settlement in a variable number of equity instruments. discretionary dividends are recognized as distributions to equity on the date of its approval by the Company's shareholders.

Mandatory minimum dividends as defined in the bylaws are recognized as liabilities.

(v) Derivative financial instruments, including hedge accounting
The Company holds derivative financial instruments to hedge its exposure to risks of foreign currency variation and interest rate.

Derivative instruments are recorded at fair value and their monetary variations are recognized in the income statement.

(vi) Fair value hedges

Changes in the fair value of derivatives are recorded in the income statement. Derivatives protect the Company against the risk of fixed interest and exchange variation on loans and financing, passing them to floating rates in the local market (CDI percentage). The gain or loss relating to the swaps is recognized in the income statement as "Financial expenses / income". Changes in the fair value of foreign currency loans, attributable to the risk of interest rate and / or currency, are recognized in the income statement as "Financial expenses / income".

2.4 Trade receivables

Trade receivables are recognized at the amounts billed, adjusted to present value, when applicable. The provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to realize the amounts due under the original terms of the accounts receivable.

2.5 Inventories

Sundry materials are stated at the lower of cost and net realizable value.

Materials for construction in progress are recorded as inventories.

Cost is determined using the weighted average cost method.

2.6 Intangible assets

a. Concession agreement

The Company has the public concession contract for gas distribution service, as described in Note 1, and the Grantor controls which services should be provided and at what price, and holds significant interest in the infrastructure at the end of the concession. This concession contract is the right to charge users for the supply of gas during the life of the contract. Accordingly, the Company recognizes as intangible assets that right.

The construction of the necessary infrastructure for gas distribution is considered a service to the Grantor and the related revenue is recognized at fair value. Financing costs directly related to construction are also capitalized.

The Company recognizes no margin in the construction of infrastructure, since this margin is, for the most part, linked to third-party services contracted by values that reflect the fair value.

Subject to assessment of the Grantor, the Company has the option to request a one-time extension of distribution services for over 20 years. Extinct grant, will be operating, the reversal to the Granting Authority , property and installations related to gas distribution service, proceeding to the surveys , appraisals and determining the amount of compensation payable to the Company , subject to the carrying amounts and dates of their incorporation into the State property. Currently the figures for compensation are not predetermined or determinable, which is why the Company did not apply the bifurcated model for the accounting of financial assets.

Amortization of intangible assets reflects the pattern in which it is expected that the future economic benefits of the asset are consumed by the Company during the period of the concession, considering the extension, which correspond to the useful lives of assets online infrastructure components with the provisions of ARSESP, as disclosed in Note 11.

The amortization of the intangible asset components is discontinued when the respective asset has been fully consumed or written off, leaving part of the basis for calculating the provision of tariff concession services, whichever occurs first.

b. Contracts with customers - loyalty programs

Costs with the implementation of the gas system (includes pipeline, valves, and general equipment) for new clients are recognized as intangible assets and amortized over the contract period.

c. Computer software

Software licenses acquired are capitalized and amortized over their estimated useful lives, at the rates disclosed in Note 11.

Costs associated with ongoing development or maintenance of computer software programs are recognized as an expense as incurred. The expenditures directly related to identifiable and exclusive software controlled by the Company, which will probably generate economic benefits exceeding the costs for more than one year, are recognized as intangible assets. Direct expenditures include the remuneration of the employees of the software development team and the appropriate portion of the related general expenses. Software development expenditures recognized as assets are amortized using the straight-line method over the applicable useful lives, at the rates described in Note 11.

2.7 Impairment

Impairment of financial assets

(i) Financial non-derivative assets

Financial assets classified as financial assets at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment for impairment.

Objective evidence that financial assets have value loss includes:

- default or debtor's delay;
- restructuring of an amount due to the Group on terms that would not be acceptable under normal conditions;
- indications that the debtor or issuer will enter bankruptcy / bankruptcy protection;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for the instrument because of financial difficulties; or
- observable data indicating that there was a decline in the measurement of cash flows of a group of financial assets.

(ii) Financial assets measured at amortized cost

The Company considered evidence of impairment of assets measured at amortized cost at the individual as at the collective level. All individually significant assets are assessed for loss on impairment. Those who have not suffered loss individually are then tested collectively for any impairment that may have occurred, but have not yet been identified. Assets that are not individually significant are collectively evaluated for impairment based on the group of assets with similar risk characteristics.

In assessing the loss for impairment collectively the Company uses historical trends of the period of recovery and incurred loss of values, adjusted to reflect management's judgment whether current economic and credit conditions are such that the actual losses likely to be higher or lower than those suggested by historical trends.

A loss for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognized in the income statement and reflected in an allowance account. When the Company considers that there is no reasonable expectation of recovery, the values are downloaded. When a subsequent event indicates a reduction in the loss, the allowance is reversed through profit or loss.

(iii) Available-for-sale financial assets

Losses from the impairment of financial assets available for sale are recognized by reclassifying the cumulative loss recognized in equity valuation adjustments in equity to the income statement. The reclassified loss is the difference between the acquisition cost, net of any reimbursement and amortization of the principal, and current fair value, less any reduction for impairment loss previously recognized in income. If the fair value of a debt security for which has been recognized a loss on impairment, present increase and the increase can be objectively related to an event occurring after the impairment loss on impairment was recognized, then the loss is reversed and the amount of the reversal is recognized in the income losses by impairment recognized in income for equity instruments classified as financial assets available for sale are not reversed.

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or significant changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The latter is the highest value between the fair value of an asset less costs to sell and its value in use. Non-financial assets that suffered an impairment are subsequently reviewed for possible reversal of the impairment at each reporting date.

2.8 Trade payables

Accounts payable to suppliers are obligations to pay for goods or services acquired in the ordinary course of business, are classified as current liabilities if payment is due within a period of one year. Otherwise, the accounts payable are presented as non-current liabilities.
They are initially recognized at fair value and subsequently, when significant are measured at amortized cost using the method of effective interest rate.

2.9 Loans and financing

Loans are initially recognized at fair value upon receipt of funds. They are subsequently stated at amortized cost, plus charges and interest proportional to the period (pro rata), or at fair value when protected (hedge). When relevant, the transaction costs are recorded as a reduction of loans and recognized in financial income over the debt period, using the method of effective interest rate.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for a longer period than 12 months after the balance sheet date.

2.10 Provisions and contingent liabilities

Provisions for tax, labor and civil lawsuits are recognized when: (a) the Company has a present legal or constructive obligation as a result of past events; (B) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount can be reliably estimated. Contingent liabilities are those assessed as possible losses and are disclosed in the notes and the contingent liabilities evaluated as remote losses are neither recognized nor disclosed; and provisions are recorded as liabilities.

2.11 Other assets and liabilities (current and non-current)

An asset is recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and its cost or value can be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that economic benefits will be required to settle it. They are increased, when applicable, related charges and monetary or exchange variations. Provisions are recorded based on the best estimates of the risk involved.

Assets and liabilities are classified as current when their realization or settlement is likely in the next 12 months. Otherwise, they are classified as noncurrent.

2.12 Income tax and social contribution and deferred

The income tax and social contribution expenses for the year comprise current and deferred taxes. Taxes on income are recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

Income and social contribution tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken by the Company in the statements of income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, based on the estimated amounts of payment to the tax authorities.

Income tax and social contribution are recognized, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Income tax and social contribution are determined using tax rates (and tax laws) enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

The income and assets Deferred social contribution taxes are recognized only to the extent of the probability that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is an enforceable legal right to set off current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the tax entity.

2.13 Employee benefits

a. Post-employment benefits

The Company offers the following post-employment benefits:

- Health care, granted to former employees and their dependents retired until May 31, 2000. After this date, only employees with 20 years of contribution to the INSS and 15 years of uninterrupted work in the company on May 31, 2000 are entitled to this defined benefit plan, since, at the grant date of retirement are working in the Company.

- Supplementary pension, provided through a defined contribution plan, through a Plan Free Benefit Generator (PGBL).

The liability recognized in the balance sheet in respect of post-employment defined benefit plans is calculated annually by independent actuaries.

The amount recognized in the balance sheet in respect of liabilities for post-employment benefit plans is the present value of the obligations less the fair value of assets, including actuarial gains and losses. Remeasurements of the net obligation, which include: actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. Net interest and other expenses related to defined benefit plans are recognized in income.

Actuarial gains and losses resulting from adjustments based on experience and changes in actuarial assumptions are recorded directly in equity as other comprehensive income when they occur.

b. Profit sharing

The Company recognizes a liability and an expense for profit sharing based on a formula that takes into account various goals beyond the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14 Leases

The classification of leases is held at the time of hiring. Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Financial leasing is capitalized at the beginning of the contract at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated to the liability and finance charges and the corresponding lease obligations, net of finance charges, included in financial liabilities. The interest element of the financing cost is charged to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payments made under operating leases are recognized in the income statement on a straight line basis over the term of the lease.

2.15 Distribution of dividends and interest on equity

The distribution of dividends and interest on equity to the Company's shareholders is recognized as a liability in the financial statements at year-end, based on the Company's bylaws. Any excess of the mandatory minimum is only accrued on the date they are approved in accordance with the bylaws.

The tax benefit of interest on capital is recognized in the income statement.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for gas distribution in the ordinary course of the Company's activities. Revenue is presented net of taxes, rebates and discounts.

The Company recognizes revenue when (i) the risks and rewards inherent to ownership of the goods are transferred to the buyer, (ii) it is probable that financial economic benefits will flow to the Company, (iii) the associated costs and possible return of goods can be estimated reliably, (iv) there is no continuing involvement with the goods sold, and (v) the amount of revenue can be measured reliably. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each client.

a. Revenue from services - billed

The revenue from gas distribution services is recognized when its value can be reliably measured and is recognized in income in the period in which the volumes are delivered to customers.

b. Revenue from services - unbilled

Unbilled revenue refers to part of the supplied gas, for which the measurement and billing customers have not yet occurred, as described in Note 6. This value is calculated based on estimated for the period after the meter reading until the last Day of month. The actual amount charged may differ from the estimate. The Company believes that, based on previous experience with similar operations, not invoiced amount does not differ significantly from actual values.

c. Revenue from construction - ICPC 01 (R1)

The revenue from the provision of construction services contracts is recognized in accordance with CPC 17 (R1) - "Construction Contracts", based on the progress of construction of the asset. Contract costs are recognized in the income statement as cost of sales when incurred.
The Company does not recognize gain on infrastructure construction margin, as described in Note 2.6 (a).

d. Financial income and expenses

Income and financial expenses include:

- interest income;
- interest expense;
- net gains / losses from financial assets measured at fair value through profit or loss;
- net gains / losses on foreign exchange variation on financial assets and liabilities;

- net gains / losses on hedging instruments that are recognized in income; and
- net gains of reclassifications previously recognized in other comprehensive income.

The financial income and expenses are recognized on the accrual basis, using the method of effective interest rate.

3 Standards, amendments and interpretations of standards

3.1 Standards, amendments and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards were issued by the International Accounting Standards Board (IASB) but are not effective for 2015. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replacing the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement (Financial Instruments: Recognition and Measurement). IFRS 9 includes guidance revised on the classification and measurement of financial instruments, a new expected credit loss model for the calculation of the impairment of financial assets and new requirements for hedge accounting. The standard retains the existing guidance on the recognition and derecognition of financial instruments in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is evaluating the effects that IFRS 9 will have on financial statements and their disclosures.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 requires an entity to recognize the amount of revenue reflecting the consideration that it expects to receive in exchange for control of those goods or services. The new standard will replace most of the detailed guidance on revenue recognition that currently exists in IFRS and accounting principles generally accepted in the United States ("U.S. GAAP") when adopted. The new standard is applicable from or after January 1, 2018. The standard may be adopted retrospectively, using an approach of cumulative effects. The Company is evaluating the effects that IFRS 15 will have on its financial statements and disclosures.

IFRS 16 Leasing

IFRS 16 requires an entity to recognize all leases in which the Company leases should be recognized in the balance sheet. The new standard is effective from or after January 1, 2019 and replaces IAS 17 - Leases.

There is no other IFRSs or IFRIC interpretations that are not effective and that is expected to have a significant impact on the Company.

4 Segment reporting

The Company´s management analyzes the financial performance considering the economic gross income separately by business segment. The regulatory agency "ARSESP" determines the rates for the various business segments. The Company does not make analysis of segment assets for business management. Finally, the definition generating unit, representing the lowest active in use generates cash input, in the context of the Company can not be secreted by segment, for the same pipe distributes gas to different consumer segments.

The information by operating segment is presented consistently with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, is the executive board also responsible for making the strategic decisions of the Company.

The composition of the margin by segment is as follows:

	Margin per segment - January 1, 2015 to December 31, 2015						
Segments	**Residential**	**Commercial**	**Industrial**	**Thermail Power generation**	**Cogeneration**	**Automotive**	**Construction r**
Volume (thousands of m³)	209,674	127,517	3,461,012	924,244	292,407	196,045	
Gross revenue	860,522	362,773	5,333,881	511,941	318,561	250,488	4
Deductions	(182,870)	(76,282)	(1,126,935)	-	(46,921)	(53,228)	
Net revenue	677,652	286,491	4,206,946	511,941	271,640	197,260	4
Regulatory assets (liabilities)	(8,602)	(5,028)	(128,283)	-	(6,634)	3,002	
Cost	(182,177)	(110,797)	(3,005,103)	(475,088)	(212,911)	(165,481)	(4
Economic gross profit	486,873	170,666	1,073,560	36,853	52,095	34,781	
Reversal of regulatory assets (liabilities)							
Gross profit							
Operating income (expenses)							
Expenses							
Selling							
General and administrative							
Other operating (income) expenses							
Financial result							
Financial income							
Financial costs							
Profit before taxes							
Provision for income tax and social contribution							
Profit for the exercise							
Reconciliation of EBITDA							
Profit for the exercise							
Provision for income tax and social contribution							
Financial result							
Amortizations							
Other amortizations							

	Margin per segment - January 1, 2014 to December 31, 2014						
Segments	**Residential**	**Commercial**	**Industrial**	**Thermail Power generation**	**Cogeneration**	**Automotive**	**Construction**
Volume (thousands of m³)	210,666	121,665	3,667,653	938,460	299,650	220,603	
Gross revenue	804,069	322,994	5,234,784	407,735	290,106	253,729	
Deductions	(170,869)	(67,870)	(1,112,270)	-	(43,328)	(53,916)	
Net revenue	633,200	255,124	4,122,514	407,735	246,778	199,813	
Regulatory assets (liabilities)	(6,798)	(4,155)	(131,086)	-	1,745	15,799	
Cost	(170,630)	(98,635)	(2,969,537)	(372,651)	(200,329)	(178,735)	(4
Economic gross profit	455,772	152,334	1,021,891	35,084	48,194	36,877	
Reversal of regulatory assets (liabilities)							
Gross profit							
Operating income (expenses)							
Expenses							
Selling							
General and administrative							
Other operating (income) expenses							
Financial result							
Financial income							
Financial costs							
Profit before taxes							
Provision for income tax and social contribution							
Profit for the exercise							
Reconciliation of EBITDA							
Profit for the exercise							
Provision for income tax and social contribution							
Financial result							
Amortizations							
Other amortizations							
EBITDA							

5 Cash and cash equivalents

Cash and cash equivalents are substantially investments in Bank Deposit Certificates (CDBs) and private securities, and these instruments are highly liquid conferred by the financial institution that issued them.

	2015	2014
Cash at bank and on hand	30,429	33,673
Investments in Bank Deposit Certificates	1,937,214	940,034
	1,967,643	973,707

	2015	2014
Investments in Bank Deposit Certificates		
Repurchase operations	1,263,188	717,472
Certificate of bank deposits	540,965	222,562
Other aplications	133,061	-
	1,937,214	940,034

6 Trade receivables

a. The breakdown of trade receivables is as follows:

	2015	2014
Gas bills receivable	357,169	315,849
Gas bills receivable - in installments (i)	14,970	12,710
Receivable from sale of equipment	22,696	35,353
Adjustments to present value	(3,910)	(3,504)
Unbilled revenue (ii)	240,570	350,593
Other	27,613	29,174
Impairment of trade receivables	(136,078)	(115,913)
	523,030	624,262
Current	485,994	587,269
Non-current	37,036	36,993

(i) The amounts receivable from gas bills in installments refer to the payment in installments of amounts due from customers. Cases of default with risks of realization are properly provisioned.

(ii) Unbilled gas refers to the portion of gas supplied in the month, for which metering and billing to customers have not yet occurred.

Losses recorded in 2015 and 2014 were as follows:

January 1, 2014	**(96,683)**
Provision for impairment of trade receivables	(19,165)
Trade receivables written off as uncollectible	-
Other	(65)
December 31, 2014	**(115,913)**
Provision for impairment of trade receivables	(20,078)
Trade receivables written off as uncollectible	-
Other	(87)
December 31, 2015	**(136,078)**

Accounts receivable are recorded at amortized cost, which is equivalent to the fair value and adequately disclosed in the financial statements.

b. Summary of trade receivables and related parties from customers by maturity:

	2015	2014
Not yet due	178,743	145,778
Overdue		
Up to 30 days	38,223	55,119
Over 30 days	140,203	114,952
	357,169	315,849

The amount of R$ 136,078 from the balance of trade receivables due over 30 days was impaired at December 31, 2015 (December 31, 2014 - R$ 115,913).

Other accounts receivable of balance sheet do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the accounting value.

7 Inventories

	2015	2014
Inventory of material for construction	86,981	86,895
Finished products	2,747	2,066
Sundry materials	44,619	36,445
	134,347	125,406

The provision for inventory obsolescence and slow moving is R $ 570 at December 31, 2015 (R $ 3,314 at December 31, 2014).

8 Transportation paid and not used

	2015		2014	
	Current	Non-current	Current	Non-current
Ship or pay transport - PETROBRAS	-	204,725	5,442	158,244
	-	204,725	5,442	158,244

The recovery of the balances related to the "transportation paid and not used" will be made automatically, with no charges to the Company, to the extent the transportation will be used above the contractually-stipulated percentage, as disclosed in Note 13.

9 Recoverable taxes

	2015	2014
Value-added Tax on Sales and Services (ICMS) recoverable	46,246	52,322
Value-added Tax on Sales and Services (ICMS) on assets (i)	27,314	31,479
Social Contribution on Net Income (CSLL)- in advance	56,015	47,947
National Institute of Social Security (INSS) recoverable	565	570
Other	464	274
	130,604	132,592
Current		117,064
Non-current		13,540

(i) In the year 2015 the Company reviewed bases of calculation IR and CSLL exercises 2009 and 2010, applying the taxes provided for IN 162/98 for all assets, accounted for the tax impacts related to the income tax and social contribution calculations of these periods. The variations between the accounting and tax rates generated a tax credit for the Company in the amount of R$ 104,429 base updated by the SELIC amounting R$ 51,756. Constituted and social contribution Deferred income tax liabilities, which will be held for the remaining term of the concession period as disclosed in Note 14, item b.

10 Related parties

a. Receivable and payment with related parties:

The receivables from related parties at December 31, 2015 is as follows:

	Changes		
	Raízen Combustíveis S.A. (1)	**Raízen Energia S.A. (2)**	**Total**
January 1, 2014	**1,708**	**-**	**1,708**
Revenue	17,246	-	17,246
Receipts	(17,635)	-	(17,635)
December 31, 2014	**1,319**	**-**	**1,319**
Revenue	14,668	150	14,818
Receipts	(14,883)	(14)	(14,897)
December 31, 2015	**1,104**	**136**	**1,240**

The payable to related parties at December 31, 2015 is as follows:

	Changes		
	Shell Group (3)	**Raízen Energia S.A. (2)**	**Total**
January 1, 2014	**5,985**	**1**	**5,986**
Expenses	7,967	20,159	28,126
Payments	(10,132)	(15,368)	(25,500)
December 31, 2014	**3,820**	**4,792**	**8,612**
Expenses	13,799	30,217	44,016
Payments	(17,619)	(31,914)	(49,533)
December 31, 2015	**-**	**3,095**	**3,095**

(1) Raízen Combustíveis S.A.
Accounts receivable related to gas supply to gas stations.

(2) Raízen Energia S.A. (RESA)
The balances recorded as current liabilities represent services performed by the RESA.

(3) Shell Group
Commercial Services Agreement (CSA) - the commercial personnel and services of Shell will be available so as to provide administrative support to the Company's business.

b. Management and directors' remuneration

The remuneration of management, which includes members of the Board of Directors and statutory directors, responsible for the planning, management and control of the Company's activities, is as follows:

	2015	**2014**
Salaries, including variable remuneration	26,250	22,678
Social charges	2,620	2,736
Benefits, healthcare and other	326	347
	29,196	25,761

11 Intangible assets

	Intangible assets in service				
	Concession agreement (ii)	**Customer loyalty efforts (i)**	**Computer software and other (i)**	**Intangible assets in progress**	**Total**
Cost					
January 1, 2014	**4,876,537**	**891,522**	**262,426**	**235,366**	**6,265,851**
Additions	-	-	-	661,544	661,544
Disposals	(19,774)	(7,514)	-	744	(26,544)
Transfers	497,770	141,069	14,571	(653,410)	-
December 31, 2014	5,354,533	1,025,077	276,997	244,244	6,900,851
Amortization					
January 1, 2014	**(1,385,394)**	**(547,618)**	**(200,176)**	**-**	**(2,133,188)**
Additions	(222,039)	(133,202)	(30,106)	-	(385,347)
Disposals	-	3,419	(108)	-	3,311
Transfers	13,663	-	-	-	13,663
December 31, 2014	**(1,593,770)**	**(677,401)**	**(230,390)**	**-**	**(2,501,561)**
January 1, 2014	**3,491,143**	**343,904**	**62,250**	**235,366**	**4,132,663**
December 31, 2014	**3,760,763**	**347,676**	**46,607**	**244,244**	**4,399,290**

	Intangible assets in service				
	Concession agreement (ii)	**Customer loyalty efforts (i)**	**Computer software and other (i)**	**Intangible assets in progress**	**Total**
Cost					
January 1, 2015	**5,354,533**	**1,025,077**	**276,997**	**244,244**	**6,900,851**
Additions	-	-	-	521,313	521,313
Disposals	(52,544)	(7,708)	-	-	(60,252)
Transfers	452,359	71,142	16,946	(540,447)	-
December 31, 2015	5,754,348	1,088,511	293,943	225,110	7,361,912
Amortization					
January 1, 2015	**(1,593,770)**	**(677,401)**	**(230,390)**	**-**	**(2,501,561)**
Additions	(205,182)	(134,848)	(19,897)	-	(359,927)
Disposals	42,094	3,873	-	-	45,967
Transfers	(157)	96	61	-	-
December 31, 2015	**(1,757,015)**	**(808,280)**	**(250,226)**	**-**	**(2,815,521)**
January 1, 2015	**3,760,763**	**347,676**	**46,607**	**244,244**	**4,399,290**
December 31, 2015	**3,997,333**	**280,231**	**43,717**	**225,110**	**4,546,391**

(i) Weighted average rate of 20% p.a.

(ii) Weighted average rate presented in the table below.

As a result of the adoption of the ICPC Interpretation 01 (R1), at January 1, 2009, the Company reclassified to "Intangible assets" the property, plant and equipment related to the Concession Agreement. These assets were as follows at December 31, 2015 and 2014:

	Land	Pipes	Buildings and improvements	Machines and equipment	Transportation equipment	Administrative furniture and equipment	Total
Weighted average rate p.a. %		**3.4**	**2.7**	**5.4**	**20**	**10**	
Cost							
January 1, 2014	**26,468**	**2,911,424**	**65,551**	**447,866**	**10,435**	**29,399**	**3,491,143**
Additions/Transfers	-	393,077	8,512	63,268	2,535	30,378	497,770
Amortization	-	(173,832)	(3,116)	(30,628)	(3,516)	(10,947)	(222,039)
Disposals	-	(561)	(1)	(3,516)	(288)	(1,745)	(6,111)
December 31, 2014	**26,468**	**3,130,108**	**70,946**	**476,990**	**9,166**	**47,085**	**3,760,763**
Additions/Transfers	671	345,302	5,045	88,133	1,075	11,976	452,202
Amortization	-	(144,014)	(7,907)	(43,025)	(2,994)	(7,242)	(205,182)
Disposals	-	(520)	-	(9,818)	(26)	(86)	(10,450)
December 31, 2015	**27,139**	**3,330,876**	**68,084**	**512,280**	**7,221**	**51,733**	**3,997,333**

The amounts recognized as "Intangible assets" and presented above represent the cost of the assets constructed or purchased, net of amortization, which are utilized for concession services.

The amortization, calculated on the estimated useful lives of assets, constructed in accordance with the concession agreement and which form an integral part of the tariff calculation basis of services, was R$ 203,366 and was charged to the statement of income for the year ended December 31, 2015.

The income tax and social contribution on the revaluation balance totaled R$ 3,292 (note 14 (b)) at December 31, 2015 (December 31, 2014 - R$ 3,888). The net amount related to the realization of the revaluation reserve is not considered in the dividend distribution calculation basis.

During the year ended December 31, 2015, the Company capitalized R$ 20,098 (December 31, 2014 - R$ 20,891), which was related to interest on loans obtained for the construction of those assets. The weighted average rate of the financial debt interest, used for capitalization of interest on the balance of work in progress, was 11.47% p.a. for the year ended December 2015 (10.93% p.a. for the year ended December 31 2014).

12 Loans and financing

	2015		2014	
	Current	**Non-current**	**Current**	**Non-current**
Loans and financing	548,326	2,076,551	456,634	2,098,097
Non-convertible debentures	28,397	1,169,793	10,031	568,584
	576,723	3,246,344	466,665	2,666,681

a. Loans and financing

		2015		2014	
	Charges - %	**Current**	**Non-current**	**Current**	**Non-current**
In local currency					
BNDES (Project IV) - direct w/surety	TJLP + 2.8 p.a.	-	-	2	-
BNDES (Project V)	TJLP + 2.8 p.a.	114,355	56,821	114,316	169,851
BNDES (Project VI)	TJ462 + 1.8 p.a.	171,617	639,742	80,017	756,196
BNDES (Project VI)	SELIC + 1.8 p.a.	62,532	238,806	22,777	252,135
BNDES (Project VI)	TJLP	1,427	2,598	1,423	4,001
Cost of transaction		(1,076)	(2,004)	(1,020)	(2,924)
		348,855	935,963	217,515	1,179,259
In foreign currency (*)					
EIB II - first release - USD	3.881 p.a.	61,155	190,379	42,608	169,419
EIB II - second release - USD	2.936 p.a.	27,824	99,953	18,964	86,183
EIB II - third release - USD	LIBOR 6M	50,185	191,759	18,546	167,189
EIB II - fourth release - USD	LIBOR 6M	46,844	200,915	17,141	171,414
SCOTIABANK - Resolution n. 4,131	3.7975 p.a.	-	-	7,501	197,104
SCOTIABANK - Resolution n. 4,131	2.7800 p.a.	8,037	274,786	-	-
TOKYO - Resolution n. 4,131	2.5257 p.a.	5,426	182,796	3,725	127,529
BOFA - Resolução no 4.131	LIBOR 3M + 1.10 p.a.	-	-	130,634	-
		199,471	1,140,588	239,119	918,838
		548,326	2,076,551	456,634	2,098,097

(*) For all loans in foreign currency, the Company contracts derivative financial instruments to hedge itself against possible variations in the foreign exchange rate.

The amounts classified as non-current have the following maturity by year:

	2015
Over than January 1º, 2017	470,396
2018	842,687
2019	389,569
2020	318,953
2021	54,946
	2,076,551

The percentage of our debt is 77.46% floating and 22.54% fixed (2014 - 75.05% floating and 24.95% fixed).

The Company recognized the transaction cost related to the loans with the BNDES amounting to R$ 5,355, with amortization in 2015 amounting to R$ 2,275.

There were no cases of non-compliance or breach of contractual agreements with creditors during the year.

BNDES loans have amortization of principal and payment of interest on a monthly basis, except those in the grace period. For these loans, the guarantees provided are:

- **Project IV** - direct transaction with BNDES: Company's receivables, held in custody by Banco Itaú; direct transaction with BNDES: bank guarantee of Banco Itaú, Banco Votorantim, Banco Bradesco and Banco Santander, in the proportion of 25% to each bank.

- **Project V** - direct transaction with BNDES: bank guarantee of Banco Itaú BBA, with 100% of the loan.

- **Project VI** - direct transaction with BNDES: bank guarantee of Banco Bradesco (67.83%), Banco Itaú (14.56%) and Banco Safra (17.61%).

The Company has clauses that provide compliance with certain financial ratios (financial covenants) in the loans with The Bank of Nova Scotia ("Scotiabank") and The Bank of Tokyo-Mitsubishi UFJ LTD ("Tokyo") as follow below:

	Resolution n. 4,131	
	SCOTIABANK	**TOKYO**
Sense of net debt and EBITDA	4,00	3,75
Sense of current debt and the total debt	0,60	0,55

On December 31, 2015 the Company is in compliance with all financial ratios (financial covenants).

b. Non-convertible debentures

					2015		2014	
Date of issue	**Emission**	**Series**	**Quantity**	**Remuneration - %**	**Current**	**Non-current**	**Current**	**Non-current**
9/15/2013	(i) 3rd	1o	128,197	CDI + 0.9%	5,427	128,197	4,489	128,197
9/15/2013	(i) 3rd	2o	269,338	IPCA+ 5.1%	16,131	304,288	4,401	291,156
9/15/2013	(i) 3rd	3o	142,465	IPCA+ 5.6%	9,219	157,081	2,537	153,980
12/15/2015	(ii) 4th	1o	269,620	IPCA+ 7.1432%	370	270,272	-	-
12/15/2015	(ii) 4th	2o	242,374	IPCA+ 7.4820%	348	242,960	-	-
12/15/2015	(ii) 4th	3o	79,900	IPCA+ 7.3570%	113	80,094	-	-
Cost of transaction (i) 3rd					(1.397)	(3.353)	(1.396)	(4,749)
Cost of transaction (ii) 4th					(1.814)	(9.746)	-	-
					28,397	1,169,793	10,031	568,584

		3rd emission(i)			4th emission(ii)			
Changes (iii)	**Single**	**1st issue**	**2nd issue**	**3rd issue**	**1st issue**	**2nd issue**	**3rd issue**	**Total**
January 1, 2014	34,767	131,164	276,592	146,392	-	-	-	588,915
Repayment of principal	(33,340)	-	-	-	-	-	-	(33,340)
Repayment of interest	(3,867)	(13,160)	(13,523)	(7,775)	-	-	-	(38,325)
Monetary variation	-	-	16,537	8,746	-	-	-	25,283
Financial charges	2,440	14,682	15,951	9,154	-	-	-	42,227
December 31, 2014	**-**	**132,686**	**295,557**	**156,517**	**-**	**-**	**-**	**584,760**
Funding	-	-	-	-	269,620	242,374	79,900	591.894
Repayment of interest	-	(16,687)	(15,979)	(9,230)	-	-	-	(41,896)
Monetary variation	-	-	24,517	9,585	652	586	194	35,534
Financial charges	-	17,625	16,324	9,428	370	348	113	44,208
December 31, 2015	-	133,624	320,419	166,300	270,642	243,308	80,207	1,214,500

(i) In September 15, 2013, debentures were issued on the 3rd issue of simple unsecured debentures not convertible into shares of the Company. The resources were raised in three sets, amounting of R$ 540 million, and the total value of the first series corresponded to the amount of R$ 128,197, the total value of the second series corresponded to the amount of R$ 269,338 and the total value of the third series corresponded to R$ 142,465;

(ii) In December 15, 2015, debentures were issued on the 4th issue of simple unsecured debentures into shares of the Company. The resources were raised in three sets, amounting of R$ 591,894.

(iii) The changes do not include transaction costs.

3rd emission

Interest on the first series will be paid semiannually in March and September up to the end of the operation. Interest on the second and third series will be paid annually in September up to the end of the operation.

The principal amount and restatement of the first series will be amortized in subsequent years: 4th year (33.33%), 5 years (33.33%) and 6 years (33.34%). The principal amount and restatement of the second series will be fully amortized at the end of the operation which will take place on September 15, 2018.

The principal amount and restatement of the third serious will be paid in two annual installments in 6 (50%) and 7 (50%) years, and therefore the first payment due on September 15, 2019 and the last payment due on September 15, 2020.

For this issue there are clauses that determine compliance with certain covenants as follows:

I The calculation of Net Debt Onerous and EBITDA for the last 12 months (annual check in December) may not exceed or equal to 4.00.

II The calculation of ratio of Short Term Debt and Total Debt of the last 12 months (annual check in December) may not exceed 0.60.

In December 31, 2015 the percentages to fair value in the secondary market for the first series was 99.87% of the curve PU, for second grade 95.97% and 94.78% for third grade.

4th emission

Interest on the first, second and third series will done annually in December, by the end of the operation.

The principal amount and restatement of the first series will be amortized at the end of the operation on December 15, 2020.

The principal amount and restatement of the second series will be paid in two annual installments in 6th (50%) and 7th (50%) years, and therefore the first payment will be in December 15, 2021 and the last payment in December 15, 2022.

The principal amount and restatement of the third series will be amortized in subsequent years: 8th year (33.33%), 9th grade (33.335%) and 10th year (33.335%).

For this issue there are clauses that determine compliance with certain financial ratios (financial covenants) as follow:

I The calculation of Net Debt Onerous and EBITDA for the last 12 months (annual check in December) may not exceed or equal to 4.00.

II The calculation of ratio of Short Term Debt and Total Debt of the last 12 months (annual check in December) may not exceed 0.60.

On December 31, 2015 the percentages to fair value in the secondary market for the first series was 99.87% of the curve PU, for second grade 95.97% and 94.78% for third grade.

On December 31, 2015, the percentages for the fair value in the secondary market for the first series was 101.83% of the unit price (PU) of the curve, for second 101.82% grade and third grade 100.71%.

On December 31, 2015, the Company is in compliance with all financial ratios (financial covenants).

13 Trade payables

	2015	2014
Gas/transportation suppliers	1,489,552	1,043,998
Suppliers of materials and services	107,821	99,748
Judicial deposits	(294,976)	(294,976)
	1,302,397	848,770

The Company has contracts for the supply of natural gas under the following conditions:

- Contract with PETROBRAS in firm mode, started in January 2008, with duration until December 2019, and with a daily amount of contract national gas of 5.22 million m³/day named Firme Nacional.

- Contract with PETROBRAS in firm mode, started in June 1999, with duration until June 2019, and with a daily amount of contract Bolivian gas of 8.10 million m³/day named TCQ.

- Two gas contracts entered in the Priority Thermal Power Program (Programa Prioritário de Termeletricidade, PPT) with PETROBRAS, for supply of 3.06 million m³/day, in which 2.76 million m³/day with the UTE-Fernando Gasparian with validity until March 31, 2016 and 0.3 million m³/day with INGREDION BRASIL INGREDIENTES INDUSTRIAIS LTDA., with validity until March 31, 2023.

- Contract with Gas Brasiliano in firm mode, started in April 2008, with validity until March 2016 and with a monthly contracted average volume of 1.38 million m³ and an annual contracted volume of 16.56 million m³.

The contracts for the supply of natural exhibit specific features, such as obligations of minimum withdrawal by the Company -take-or-pay for commodity and ship-or-pay for transportation), or in other words, if the Company consumes below the contractual obligations, it must pay the difference between the volume consumed and the minimum volumes required by contracts, and may offset them -through consumption) over the duration of the contract. The amounts paid and not used were recognized on assets under the heading "Transportation paid and not used".

The contracts for the supply of natural gas have their composite price built in two parts: a part that is indexed according to a basket of fuel oil in the international market and readjusted quarterly; and another part that is readjusted annually based on the domestic and/or American inflation. The cost of gas is practiced in R$/m³, and the Bolivian gas is calculated at US$/MMBTU, with correction by the monthly exchange rate variation.

On February 25, 2014, COMGAS obtained a preliminary injunction against PETROBRAS, which assured the Company the right to provide a deposit of the controversial monthly value due to PETROBRAS, corresponding to the difference in prices between (i) the price in the TCQ Contract for the Supply of Gas signed between Comgas and Petrobras and (ii) the price under the Firm Contract signed between Petrobras and Gas Brasiliano Distribuidora S.A. , whereas the obligation of equality assumed before the Petrobras Group with the State Regulatory Agency - ARSESP. Initially, the security was provided by bank deposits which, subsequently, after the preliminary injunction was granted by the STJ in November 6, 2014, were replaced by a letter of guarantee issued by a first-tier financial institution.

The disputed amounts determined from the supply of January-September gas in 2014, were secured in court by judicial deposit and controversial values calculated from the supply of gas in October 2014 to September 2015 are now guaranteed by bank guarantees.

In October 2015, and there is no difference between (i) the price charged in TCQ Gas Supply Agreement signed between Comgás and Petrobras and (ii) the price charged in the Firm Supply Agreement signed between Petrobras and Gas Brasiliano Distribuidora SA, and the following month, taking place the end of the discount policy, was suspended payment on bail.

The amount guaranteed in judicial deposit is R $ 294,976 and secured by bail amount is R $ 577,420.

14 Income tax and social contribution

a. Income tax and social contribution

The reconciliation between the expenditure for the income tax and social contributions by the nominal rate and by the actual rate is shown below:

	2015	2014
Profit before income tax and social contribution	988,658	856,862
Rate - %	34	34
Income tax and social contribution - nominal rate	(336,144)	(291,333)
Permanent differences		
Tax incentives	(847)	2,366
Interest on capital	62,172	49,303
Permanent additions	(3,312)	(6,630)
Reversal of deferred / inventory write-offs	(9,919)	-
Other	(1,756)	1,033
Income tax and social contribution expense	(289,806)	(245,261)
Current	(84,773)	(90,821)
Deferred	(205,033)	(154,440)
Effective rate - %	29.31	28.62

b. Deferred income tax and social contribution

The changes of the assets and liabilities of deferred income taxes during the period ended in December 31, without taking into account the offsetting of balances, is as follows:

	Pension and post-employment benefit plans(i)	Accruals	Losses fair value	Regulatory asset (liability)	Goodwill on incorporation	Other	Total
Deferred tax asset							
December 31, 2014	94,711	66,736	32,975	82,502	562,761	(14,488)	825,197
Debited (credited) income statement	6,401	71,219	(32,795)	(5,740)	(168,828)	19,676	(110,067)
Debited (credited) equity	(575)	-	-	-	-	-	(575)
December 31, 2015	100,537	137,955	180	76,762	393,933	5,188	714,555

	Reevaluation fair value	Property revaluation	Useful life review (ii)	Other	Total
Deferred tax liabilities					
December 31, 2014	(33,574)	(3,888)	-	11,316	(26,146)
Credited (debited) income statement	15,907	596	(100,153)	(11,316)	(94,966)
December 31, 2015	(17,667)	(3,292)	(100,153)	-	(121,112)
Net					**593,443**

(i) The credit related to the accrual of post-employment benefits has an estimated period of financial realization of 25 to 30 years and the tax credits on the other temporary differences have an estimated period of three to five years.

(ii) Income and social contribution taxes arising from the review of the calculations of previous years, with the application of life rate provided for in the income tax legislation. The balance will be amortized over the remaining term of the concession pursuant to Article 69 of Law 12,973/14.

15 Provision for judicial demands

	Tax	Civil	Labor	Total
December 31, 2013	**4,217**	**41,991**	**13,871**	**60,079**
Write-offs by reversal	(4,389)	(9,835)	(1,962)	(16,186)
Write-offs by payment	-	(319)	(145)	(464)
Additions	176	5,463	9,097	14,736
Interest	-	4,532	670	5,202
December 31, 2014	**4**	**41,832**	**21,531**	**63,367**
Write-offs by reversal	(202)	(279)	(6,406)	(6,887)
Write-offs by payment	(1)	(385)	(4,001)	(4,387)
Additions	5,752	1,057	7,010	13,819
Interest	1,571	7,100	215	8,886
Transfers (i)	7,318	(7,318)	-	-
December 31, 2015	**14,442**	**42,007**	**18,349**	**74,798**

(i) Claims initially considered as civil fines involving audits of works.

Possible losses, not accrued in the balance sheet

The Company has claims of tax, civil and labor, nature involving risks of loss classified by the administration as possible, based on the assessment of its legal advisors, for which there is no accrual, according to the following compositions and estimates:

	2015	2014
Labor (i)	13,879	5,081
Civil (ii)	70,023	62,402
Tax (iii)	256,247	164,515
	340,149	231,998

(i) The labor claims relate to questionings on various claims concerning differences in wages, overtime, additional pay for hazardous and unsanitary work, and joint and several liability, among other.

(ii) The civil claims are originated from the normal course of the Company's activities, involving lawsuits for compensation for losses and damages of accidents occurred in the network..

(iii) The tax contingencies refers to tax assessments that occurred in previous years. In December 31, 2015, there are also other tax claims, which were evaluated as possible losses by lawyers and by the administration and, therefore, without accruals.

16 Shareholders´ equity

a. Share capital

The Company is authorized to increase the share capital up to the limit of R$ 1,200,000 million of real regardless of statutory reform, through the issuance of common and / or preferred shares, by resolution of the Board of Directors, which will determine, in each case, the conditions of issue.

On April 30, 2015, it was approved at the Annual and Extraordinary General Meeting to increase the subscribed capital and paid in the amount of R $ 140,690 million, from R $ 1,002,858 million in December 31, 2014, to R $ 1,143,548 million, through the capitalization

the capital reserve. The share capital is represented by 97,192,069 common shares without par value and fully paid and 26,817,239 preferred shares class A, and its composition is as follows:

	Number of share - thousand (2015)					
	Common shares	**Percentage**	**Preferred shares**	**Percentage**	**Total**	**Percentage**
Shareholders						
Cosan S A Indústria e Comércio	71,587	73.66	4,471	16.67	76,058	61.33
Integral Investments BV	14,212	14.62	-	-	14,212	11.46
LAPB Poland FIA	56	0.06	10,425	38.88	10,481	8.45
Shell Brazil Holding B V	7,594	7.81	-	-	7,594	6.12
Skopos Master Participações FIA	772	0.79	398	1.49	1,170	0.94
Other	2,971	3.06	11,523	42.96	14,494	11.70
	97,192	**100**	**26,817**	**100**	**124,009**	**100**

	Number of share - thousand (2014)					
	Common shares	**Percentage**	**Preferred shares**	**Percentage**	**Total**	**Percentage**
Shareholders						
Cosan S.A. Indústria e Comércio	69,914	73.20	4,048	15.36	73,962	60.69
Integral Investments BV	14,212	14.88	-	-	14,212	11.66
LAPB Poland FIA	-	-	10,058	38.16	10,058	8.25
Shell Brazil Holding B V	7,594	7.95	-	-	7,594	6.23
Skopos Master Participações FIA	673	0.71	590	2.24	1,263	1.04
Other	3,123	3.26	11,659	44.24	14,782	12.13
	95,516	**100**	**26,355**	**100**	**121,871**	**100**

Changes in the number of shares during the period is as follows:

Quantity of shares	**Common**	**Preferred**	**Total**
December 31, 2014	**95,516**	**26,355**	**121,871**
Capital increase	1,676	462	2,138
December 31, 2015	**97,192**	**26,817**	**124,009**

b. Retained earnings

December 31, 2013	
Profit for the year	611,601
Interest on capital 2014, imputed to the minimum mandatory dividend	(145,008)
Transfer to legal reserve	(30,671)
Realization of revaluation reserve	1,816
Transfer to profit retention	(419,118)
Dividends	(18,620)
December 31, 2014	-
December 31, 2014	
Profit for the year	698,852
Interest on capital 2015, imputed to the minimum mandatory dividend	(182,859)
Transfer to legal reserve	(35,001)
Realization of revaluation reserve	1,160
Transfer to profit retention	(346,680)
Dividends	(135,472)
December 31, 2015	-

c. Interest on capital

On December 17, 2015, the Board of Directors approved the payment of interest on own capital, referring to the year 2015 in the amount of R $ 182,859. On December 29, 2015 was paid R$ 158,541.

d. Dividends

Under the Company's bylaws (Article 36), stockholders are entitled to a minimum mandatory dividend of 25% of the profit for the year, adjusted in accordance with Corporate Law.

The Company's bylaws (Article 46) also determine that the Board of Directors may approve credits of interest on capital, subject to approval at the Ordinary Meeting of Stockholders that approves the financial statements for the year in respect of which the interest is paid or credited, to be ascribed to mandatory dividends.

As Ordinary and Extraordinary General Meeting of April 30, 2015, it was considered and approved the allocation of R $ 327,718 , of which R $ 18,620 were recorded as dividends payable, and R $ 309,098 were held in retained earnings reserve, it was paid on May 11, 2015 .

According to the Board of Directors in December 17, 2015, it was discussed and approved the payment of R $ 135,472 of interim dividend, which was paid on December 29, 2015.

Dividends	
Profit available for distribution in December, 31, 2015	698,852
Changes in retained earrings	1,160
	700,012
Legal reserve (5%)	(35,001)
Dividend calculation basis	665,011
Minimum dividends - 2015 (25%)	166,253
Interest on capital - gross	(182,859)
Income tax on interest on capital	22,726
Interest on capital - net	(160,133)
Interim dividends paid	(135,472)
Interest on capital and dividends	**(295,605)**
Total dividends to be distributed in 2015	**-**

e. Allocation of profit for the year

The profit retention reserve refers to the remaining balance of the profit for the year based on the Management proposal, in order to meet the Company's project for business growth, in accordance with the capital budged to be approved by the Company's management and submitted to the General Meeting of Stockholders.

It's up to the next Ordinary General Meeting decide on the value of retained profits in excess of the share capital pursuant to Law 6404, Article 199, as well as any allocation of net income.

f. Special goodwill reserve

As approved by the stockholders at the Extraordinary Meeting held in December 19, 2012, when the Board approved the Protocol of Merger and Justification referring to the merger of Provence into the Company, the tax benefit for 2015 amounted to R$ 168,828.

17 Earnings per share

The Company has no potential shares with dilutive effects and, therefore, there is no difference between basic and diluted earnings per share.

	2015			2014		
	Preferred shares	**Common shares**	**Total**	**Preferred shares**	**Common shares**	**Total**
Profit for the year	162,722	536,130	698,852	142,407	469,194	611,601
Weighted average number of shares (thousands)	26,665	96,641	123,306	26,212	94,997	121,209
Earning per share - R$	6,10	5,55	5,67	5,43	4,94	5,05

18 Revenue

Net sales revenue for the year is comprised as follows:

	2015	**2014**
Gross sales and services	8,089,059	7,840,469
Taxes on sales and services	(1,492,042)	(1,453,366
Net revenue	6,597,017	6,387,103

19 Expense by nature

The Company elected to present the statement of income for the exercise by function.

As required by CPC 26 (R1), the breakdown of expenses by nature is as follows:

	2015	**2014**
Cost of gas	3,528,358	3,580,552
Transportation and other	643,760	433,044
Construction - ICPC 01	408,086	481,314
Personnel expenses	208,883	196,161
Expenses for materials / services	271,896	250,499
Amortization	359,371	384,781
	5,420,354	5,326,351
Cost of gas	4,580,204	4,494,910
Selling expenses	145,291	116,592
General and administrative expenses	694,859	714,849
Total	5,420,354	5,326,351

20 Financial results

	2015	2014
Financial expenses		
Interest expense on loans/financing/debentures	(234,800)	(213,243)
Commissions/bank charges	(36,658)	(25,414)
Interest capitalization	20,098	20,891
Interest CPC 33 (R1) - Post-employment benefits	(35,856)	(31,849)
Adjustment to market value	(19,703)	-
Other	(4,610)	(4,621)
	(311,529)	(254,236)
Net monetary variations		
Loans and financing	(67,794)	(50,274)
Active monetary variations	3,775	8,999
Passive monetary variations	(41,186)	-
	(105,205)	(41,275)
Financial income		
Late payment charges from clients	17,986	15,761
Revenues from financial investments	169,113	82,368
Interest (i)	54,503	2,202
Adjustment to market value	-	1,353
Taxes on financial transactions	(7,735)	-
Other	978	802
	234,845	102,486
	(181,889)	(193,025)

(i) In the year 2015 the interest on income tax and social contribution credit of R $ 51,756 was recorded , due to changes in estimates for tax purposes , arising from the review of the calculation bases , exercises 2009 and 2010, applying the life rate provided for in IN 162/98 for assets belonging to the gas distribution network.

21 Financial Instruments

Financial risk management

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk;

The carrying amounts of financial assets and liabilities are as follows:

	2015	2014
Assets		
Fair value through profit		
Derivative financial instruments	665,032	330,098
	665,032	**330,098**
Loans and receivables		
Judicial deposits	43,495	42,029
Trade and other receivables	696.027	762,433
Cash and cash equivalents	1,967,643	973,707
	2,707,165	**1,778,169**
	3,372,197	**2,108,267**
Liabilities		
Liabilities at amortized cost		
Loans	1,284,818	1,529,584
Trade payables	1,302,397	848,770
Non-convertible debentures	1,198,190	578,615
	3,785,405	**2,956,969**
Fair value of income		
Loans	1,340,059	1,025,147
	1,340,059	**1,025,147**
	5,125,464	**3,982,116**

Financial risk management

a. Main risks associated with the Company's financial strategy

Risk management and derivative utilization policy
The Company maintains a Treasury Policy, approved by a decision of the Board of Directors and with periodical reviews, which determines the standardization and the target towards which the financial transactions must follow within the Company. In addition, this policy establishes the counterparty credit risk evaluation methodology (foreign exchange transactions, derivatives, financial investments and guarantees) and determines what financial instruments are allowed.

The management of risks associated with financial transactions is made by applying the Treasury Policy and the strategies defined by the Company's Management. These rules establish guidelines for the management of risks, as well as the measurement and consequent mitigation of market risks, cash flow forecasting and the definition of exposure limits. Only the best financial and economical non-speculative transactions may be executed; the Company's exposure must always justify the contracting of such transaction.

In order to carry out the best cash management, the Company follows the internal policy of maintenance of facilities used for the management of working capital and in investments aligned with future cash flow projections, which have estimates not significantly different from the realized cash, due to the Company's business stability.

The Company is exposed to risks in its operations, arising from fluctuations in the interest and foreign exchange rates, and uses derivative financial instruments to control such exposures, in conformity with the treasury policies. The Company enters into future exchange and currency swap contracts in order to reduce the foreign exchange risk of certain cash flows in foreign currency and to manage the composition of the foreign currency of its assets and liabilities. Some of these contracts combine simultaneously in foreign currency and interest rate swap transactions.

When there is sufficient liquidity in the financial market, the Company will contract derivative transactions in amounts and terms that are identical to the cash flows of the exposures under negotiation.

This will be made by analyzing always the best alternative and following the risk management policy mentioned above, in relation to the minimum hedge percentage to be contracted, that is 75% of the notional value, for amounts above US$ 500 thousand.

The Company calculates the fair value of the interest rate and the variation of the foreign exchange rate using market valuation, when available; if not available, the calculation is made discounting all future cash flows by the market interest curve at the reporting date.

b. Swaps of foreign currency financing

The contracted foreign exchange swaps transform in practice the liabilities in foreign currency as a liability in reais indexed to the CDI - eliminating the exposure to exchange rate and the international interest rate (fixed or floating) . The nominal value , rates and maturities of the long leg of the swaps are identical to the funding linked to it . The swaps are conducted over the counter and is not required any collateral deposit in the operation.

Swap are considered without box. Details of the operation are explicit in the table below .

The Company the load to maturity and their accounting is done in the derivatives group.

The criterions, methods and assumptions applied in the determination of fair value refer to the price quoted in an active market and are in line with the methodology contractually established between the parties.

c. Swaps of financing in local currency

To protect the company from possible fluctuations in interest rates and inflation " IPCA" was appointed from 1 April 2015 hedge accounting (fair value hedge) to contract loans " debentures 2nd and 3rd series " using derivative transactions, cash flow swaps , changing the interest rate risk and IPCA a percentage of CDI.

On December 31, 2015 and December 31, 2014, the fair values related to transactions involving derivative financial instruments to hedge risk exposure of the Company were using observable inputs such as quoted prices in active or streams markets discounted based on curves market and are shown below:

	Notional (*)		Fair value	
	2015	**2014**	**2015**	**2014**
Risk of exchange rate and interest Exchange				
Swap contracts (interest)	462,447	-	8,535	-
Swap contracts (interest and exchange)	841,890	816,780	656,497	330,098
	1,304,337	816,780	665,032	330,098
Total instruments held by the Company			**665,032**	**330,098**
Assets			**665,032**	**335,058**
Liabilities			**-**	**(4,960)**

(*) Amounts equivalent to the notional value in US dollars converted to R$ by contracting day dollar rate.

Credit risk

On December 31, 2015, the Company had the following main financial instruments:

	2015	**2014**
Cash and cash equivalents (i)	1,967,643	973,707
Receivable from clients (ii)	523,030	624,262
Derivative financial instruments	665,032	330,098
Total	**3,155,705**	**1,928,067**

(i) The 'Cash and cash equivalents " are held with banks and financial institutions with credit ratings between AA, AAA and BB.

	2015	**2014**
Current accounts and current bank deposits (*)		
AAA	611,095	736,545
AA	1,302,325	237,162
BB	54,223	-
	1,967,643	973,707

(*) Classification accepted and known by the financial market with methodology evidenced by international agencies of risk classification

(ii) On 31 December 2015 the Company has a portfolio of approximately 1.573 million customers, residential, commercial, industrial, automative, cogeneration and thermal generation, there is no concentration of credit in large consumers by volume exceeding 10% of sales thus diluting the risk of default.

This risk is represented by accounts receivable of the Company's customers in all segments, which, is mitigated by selling the whole customer base.

The Company has no exposure to risk related to transfers of financial assets at the end of the years presented.

Liquidity risk

Liquidity risk is represented by cash flow mismatches, resulting from difficulties to rapidly carry out the disposal of an asset or obtain funds, thus affecting the financial capacity.

The Company is exposed to liquidity risk, including risks associated with refinancing loans and financings as their mature are to expire with risk of the credits line are not available to meet the the Company's cash requirements and future commitments as well as the risk that financial assets can not be easily converted to cash without loss of value.

In order to mitigate that risk, the Company adopts two general guidelines:

The Company has as policy the interest rate to creditors at floating rates in local currency. If these loans are obtained in other rates, the Company may use derivative instruments.

The Company manage the liquidity risk through the maintenance of credits lines adequate to its commitments and holding its financial assets concentrated in short-term deposits in prime institutions with daily liquidity.

The table below analyzes the Company's non-derivative financial liabilities and the derivative financial liabilities settled by the Company into relevant maturity groupings corresponding to the remaining period at the financial statements until the contractual maturity date. The amounts presented in the table are the cash flows non-discounted.

				2015		2014
	Up to one year	More than one year and up to years	More than two years and up to five years	Over five years	Total	Total
Loans	745,051	726,112	3,177,785	614,808	5,263,756	4,040,785
Derivatives financial instruments	(41,149)	(65,900)	(592,570)	(57,083)	(756,702)	237,726
Trade, advancements from clients and other	1,307,928	-	-	-	1,307,928	852,603
	2,011,830	660,212	2,585,215	557,725	5,814,982	5,131,114

Market risk

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

d. Risk of exchange rate

December 31, 2015 and 2014, the Company had the following net foreign exchange exposure in search results on assets and liabilities denominated in US dollars:

	2015	2014
	R$ (*)	R$ (*)
Loans and financing	(1,340,059)	(1,160,297)
Derivative financial instruments	1,340,059	1,160,297
Exchange exposure, net	-	-

(*) These amounts are equivalent to the notional value in US dollars converted to R$ for dollar rate in December 31,2015.

The following is a sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed as at December 31, 2015:

(i) Sensitivity analysis of changes in exchange rates

Based on financial instruments denominated in US dollars as of December 31, 2015, the Company had simulations with increases and decreases in the exchange rate (R$ / US$) of 25% and 50%. The probable scenario considers the Company's projections for exchange rates at maturity of operations, as follows:

			Scenarios			
		2015	**Probable**	**-25%**	**-50%**	**25%**	**50%**
		3,9048	3,9048	2,9286	1,9524	4,881	5,8572
Exposure to exchange rate	**Risk factor**		**Probable**	**-25%**	**-50%**	**25%**	**50%**
Interest rate derivatives and foreign exchange (*)	Decreases in the exchange rate R$/US$		656,498	(347,655)	(695,310)	347,655	695,310
Loans	Increases in the exchange rates R$/US$		1,390,619	347,655	695,310	(347,655)	(695,310)
Impact on income			-	-	-	-	-

(*) for sensitivity analysis purposes only considered the exchange

e. Interest rate risk

The variation of the interest on loans and financing that have floating rates is similar to the variation in interest received on the implementation of the company's cash, also floating. The risk is mitigated and the variation between the proposed interest scenarios almost is no effect.

(i) Sensitivity analysis of changes in interest rates

The sensitivity analysis on interest rates on loans and financing and remuneration for CDI of financial investments increase and decrease of 25% and 50 % is as follows:

		2015				
Interest rate exposure	**Amounts**	**Probable**	**-25%**	**-50%**	**25%**	**50%**
Financial Investments	1,937,214	276,053	(64,655)	(135,168)	76,505	147,150
Loans and financing	(3,823,067)	(506,063)	126,516	253,032	(126,516)	(253,032)
Detivatives	462,447	8,967	(109)	(219)	83	169
Impact on income		**(221,043)**	**61,752**	**117,645**	**(49,928)**	**(105,713)**

(i) The rates of CDI and TJLP considered 14.14% and 7.00%, respectively , were obtained from information provided by the market

Fair value of financial instruments

The fair value of financial instruments that are traded on an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on methods and conditions widely used by the market at balance sheet date.

The Company adopted the amendments to CPC 40 (R1) for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Company's assets and liabilities that were measured at fair value:

			Assets and liabilities measured at fair value			
	Account		2015		2014	
	2015	2014	Level 1	Level 2	Level 1	Level 2
Assets						
Derivative financial instruments	665,032	335,058	-	665,032	-	335,058
Total assets	**665,032**	**335,058**	**-**	**665,032**	**-**	**335,058**
Liabilities						
Loans, financing and debentures	(1,826,777)	(1,025,147)	-	(1,826,777)	-	(1,025,147)
Derivative financial instruments	-	(4,960)	-	-	-	(4,960)
Total liabilities	**(1,826,777)**	**(1,030,107)**	**-**	**(1,826,777)**	**-**	**(1,030,107)**

Hedge accounting

The Company maintains derivative instruments of financial hedge to hedge its exposures to changes in inflation and interest rates.

Hedge accounting - fair value

In order to protect the Company from potential fluctuations in interest rates and inflation " IPCA" it was appointed after April 1, 2015 hedge accounting (fair value hedge) to contract loans " 2nd and 3rd series debentures " using derivative transactions, cash flow swaps, changing the interest rate risk and IPCA by percentage of CDI.

The table below shows the amount of debt and the fair value gain recognized in the income statement after designation date until the period closing.

	Debt	Derivatives	Total
December 31, 2014	**-**	**-**	**-**
Fair value	486,718	(8,535)	478,183
December 31, 2015	**486,718**	**(8,535)**	**478,183**

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the policy for dividends paid.

The Company monitors capital based on financial leverage indices, involving cash generation (EBITDA), short-term indebtedness and total indebtedness. These indices (covenants) are used by financial institutions in loans contracts.

One of the financial leverage indices used by Management is shown below:

	2015	2014
Net debt	1,190,392	1,829,541
EBITDA	1,529,918	1,434,668
(=) Net debt/EBITDA	0.78	1.28

22 Post-employment benefits

The amounts related to post-employment benefit plans, which include health care, incentive pensions, sickness allowance and disability allowance, are recorded in accordance with CVM Deliberation 695.

The Company maintains with Bradesco Vida e Previdência S.A a variable-contribution complementary open pension plan, or Free Benefit Generating Plan (PGBL), structured under the financial capitalization method, approved by the Superintendency of Private Insurance (SUSEP). There were no Company's contributions for the years ended December 31, 2015 and 2014. The plan is the fixed income and aims to grant benefit pension plan in the form of monthly income for life.

The main assumptions utilized to calculate the employment benefit plans are following:

	2015	2014
Discount rate	14.14	12.78
Inflation rate	6.50	6.00
Expected return on plan assets	14.14	12.78
Future salary increases	9.69	9.18
Future pension increases	6.50	6.00
Aging factor	3	3
Overall mortality (segregated by gender)	AT-2000	AT-2000
Disabled mortality table	IAPB-1957	IAPB-1957
Entry into disability (modified)	UP-84 Modified	UP-84 Modified
Turnover	0.3/(time in service + 1)	0.3/(time in service +)1

The Company, together with experts (actuaries), evaluated the benefit plan at the end of the year, with the purpose of verifying if the contribution rates are sufficient to constitute the reserves that are necessary to meet the current and future payment commitments.

The composition of the actuarial liability is demonstrated below:

	2015	2014
Actuarial obligations	298,460	284,770
Fair value of plan assets	(2,762)	(6,208)
Net actuarial liability	295,698	278,562

The changes in the actuarial liability for the exercise ended December 31, 2015 is as follows:

	2015	2014
Net actuarial liability in January 1st	278,562	267,242
Expense for the year	35,078	32,735
Employer contributions	(16,250)	(14,672)
Actuarial gain/loss recorded in other comprehensive income	(1,692)	(6,743)
Net actuarial liability	295,698	278,562

Actuarial gains and losses are recorded directly in other comprehensive income.

The expenses recognized in the statement of income for the exercise ended December 31, are as follows:

	2015	2014
Gross current service cost (with interest)	587	767
Interest on actuarial obligation	35,261	32,856
Expected return on plan assets	(770)	(888)
Expenses	35,078	32,735

The tax effects of this provision are recorded in "Deferred income tax and social contribution" (Note 16(b)) within "non-current".

23 Commitments

a. Commitments for the acquisition of assets and regulatory targets

With the postponement of the conclusion of the Review Five Year Tariff in 2014 as a result of the publication of Resolutions ARSESP 493 and 494, both of May 27, 2014 , which provide, respectively , on the " Tariff Revision Process of Gas distribution companies in the State Sao Paulo , defining events schedule " and on the " provisional adjustment of the sales margins of Gas Company of São Paulo - COMGÁS " there is no Regulatory commitment set on December 31, 2015 and 2014.

b. Assets (liabilities) regulatory

	2015	2014
Cost of gas to be recovered/(transferred)	114,076	243,713
Credits of taxes to be recovered/(transferred)	(3,910)	(1,120)
Adjustment to present value of taxes	192	61
Cost of gas to be recovered/(transferred)	6,589	-
Effect on equity	116,947	242,654
Opening balance	242,654	347,729
Closing balance	116,947	242,654
Effect on the result for the year		
Expenses not recognized in income before taxes	(125,707)	(105,075)
Regulatory assets (liabilities)	(145,545)	(124,495)
Adjustment	26,111	26,359
Other	(6,273)	(6,939)
	(125,707)	(105,075)

The tariffs for the supply of gas to the different customer segments are authorized by the conceding authority. In accordance with the terms of the Concession Agreement, the differences between the cost component of gas included in the tariffs charged to the customers and the actual cost of gas incurred are determined on a monthly basis and charged or credited to a regulation account (regulatory account).

Periodically, charges or credits in the tariffs are determined by the regulator with the objective of amortizing the amounts accumulated in this account.

The balance of this account is considered as an asset or as a liability, pursuant to the regulator's chart of accounts and for income tax purposes. However, this account is excluded from the financial statements prepared in accordance with accounting practices adopted in Brazil, because the respective balance is not considered as an asset or as a liability, as its realization or liquidation depends on further purchases by the Company's consumers. Therefore, the balances presented above are not recorded in these financial statements.

c. Lease agreement commitments

On December 31, 2015 the Company had 12 real estate lease agreements with expenses recognized during the exercise of R$ 4,480 (December 31, 2014 - R$ 4,639).

Lease terms vary from one to six years, and most of the lease agreements may be renewed at the end of the lease term at market rates.

The total minimum future lease payments, in accordance with the operating leases, are as follows:

	2015	2014
Gross lease liabilities - minimum lease payments		
Less than one year	3,543	4,080
Over 1 year and less than 5 years	2,837	6,233
	6,380	10,313

24 Insurance

The main insurance coverage against possible losses in the Company's assets, based on the nature and degree of risks, is as follows:

Risk	Coverage
	(Unaudited)
Operating risk	125,000
Civil liability	160,000

Companhia de Gás de São Paulo - COMGÁS

Financial statements at December 31, 2014 and independent auditors' report

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
Companhia de Gás de São Paulo - COMGÁS

We have audited the accompanying financial statements of Companhia de Gás de São Paulo - COMGÁS ("Company"), which comprise the balance sheet as at December 31, 2014 and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibilityfor the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Companhia de Gás de São Paulo - COMGÁS as at December 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Supplementary information - Statement of value added

We have also audited the statement of value added for the year ended December 31, 2014, which is the responsibility of the Company's management. The presentation of this statement is required by the Brazilian corporate legislation for listed companies. This statement was subject to the same audit procedures described above and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Campinas, March 02, 2015

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F"

Marcos Roberto Sponchiado
Contador CRC 1SP175536/O-5

Assets	December 31, 2014	December 31, 2013	Liabilities and equity
Current			
Cash and cash equivalents (Note 9)	973,707	535,957	**Current**
Trade receivables (Note 10)	587,269	573,855	Derivative financial instruments (Note 16)
Other receivables	20,939	11,759	Borrowings (Note 15)
Inventories (Note 11)	125,406	121,253	Non-convertible debentures (Note 15)
Transportation paid and not used (Note 12)	5,442	133,823	Trade payables (Note 17)
Indirect taxes to be offset (Note 13)	115,485	92,144	Related parties (Note 18)
Assets for related parties (Note 18)	1,319	1,708	Salaries and social charges
Other	21,381	27,394	Taxes and contributions payable
	1,850,948	1,497,893	Dividends and interest on capital (Note 21)
			Income tax and social
			Advances from customers
			Other payables
Non-current			
Long-term receivables			**Non-current**
Trade receivables	36,993	28,665	Borrowings (Note 15)
Transportation paid and not used (Note 12)	158,244	-	Non-convertible debentures (Note 15)
Taxes recoverable (Note 13)	17,107	18,366	Advances from customers and other
Derivative financial instruments (Note 16)	335,058	257,814	Bonus payable
Deferred income tax and social contribution (Note 19)	799,051	955,784	Retirement benefit obligations (Note 22)
Judicial deposits	42,029	26,671	Provision for contingencies (Note 20)
Other	1,704	1,403	
	1,390,186	1,288,703	
			Total liabilities
			Equity (Note 21)
			Share capital
			Capital reserves
Intangible assets (Note 14)	4,399,290	4,132,663	Revaluation reserves
			Revenue reserves
	5,789,476	5,421,366	Carrying value adjustments
Total assets	7,640,424	6,919,259	**Total liabilities and equity**

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

	December 31, 2014	December 31, 2013
Net sales revenue (Note 24)	**6,387,103**	**6,336,641**
Sale of gas	5,865,164	5,634,532
Construction revenue - ICPC 01	481,314	671,643
Other income	40,625	30,466
Cost of gas	**(4,494,910)**	**(4,556,572)**
Cost of gas	(3,580,552)	(3,474,985)
Transportation and other	(433,044)	(409,944)
Construction - ICPC 01	(481,314)	(671,643)
Gross profit	**1,892,193**	**1,780,069**
Selling expenses (Note 23)	(116,592)	(121,979)
General and administrative expenses (Note 23)	(714,849)	(643,260)
Other operating expenses (Note 23)	(10,865)	57,031
Operating profit	**1,049,887**	**1,071,861**
Finance result, net (Note 26)	**(193,025)**	**(191,005)**
Finance income	111,485	51,025
Finance costs	(304,510)	(242,030)
Profit before income tax and social contribution	**856,862**	**880,856**
Income tax and social contribution (Note 19)	(245,261)	(261,945)
Profit for the year	**611,601**	**618,911**
Basic and diluted earnings per share attributable to the owners of the Company - R$ per share (Note 27)		
Preferred shares	R$ 5.43	R$ 5.56
Common shares	R$ 4.94	R$ 5.06

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

	December 31, 2014	December 31, 2013
Profit for the year	611,601	618,911
Other comprehensive income		
Actuarial gain (loss) on retirement benefits	6,743	36,530
Taxes on actuarial gain or loss on retirement benefits	(2,293)	(12,420)
Other comprehensive income for the year	4,450	24,110
Total comprehensive income for the year	616,051	643,021

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

		Capital reserves						Revenu
	Share capital	Tax incentives	For future capitalization	Special goodwill reserve	Revaluation reserves	Legal reserve	Profit retention	Re ea
At January 1, 2013	**636,985**	**1,201**	**132**		**10,657**	**93,272**	**674,708**	
Profit for the year	-	-	-	-	-	-	-	
Actuarial gains and losses	-	-	-	-	-	-	-	
Taxes on actuarial gains and losses	-	-	-	-	-	-	-	
Realization of revaluation reserve	-	-	-	-	(1,318)	-	-	
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(1,318)**	**-**	**-**	
Dividends	-	-	-	-	-	-	-	
Interest on capital	-	-	-	-	-	-	-	
Expired dividends	-	-	-	-	-	-	-	
Special goodwill reserve	-	-	140,690	(140,690)	-	-	-	
Legal reserve	-	-	-	-	-	31,011	-	
Profit retention	-	-	-	-	-	-	428,917	
Capital increase	127,170	-	-	-	-	-	(127,170)	
Total contributions by and distributions to owners	**127,170**	**-**	**140,690**	**(140,690)**	**-**	**31,011**	**301,747**	
At December 31, 2013	**764,155**	**1,201**	**140,822**	**703,451**	**9,339**	**124,283**	**976,455**	
Profit for the year	-	-	-	-	-	-	-	
Actuarial gains and losses	-	-	-	-	-	-	-	
Taxes on actuarial gains and losses	-	-	-	-	-	-	-	
Realization of revaluation reserve	-	-	-	-	(1,816)	-	-	
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(1,816)**	**-**	**-**	
Dividends	-	-	-	-	-	-	-	
Interest on capital	-	-	-	-	-	-	-	
Special goodwill reserve	-	-	140,690	(140,690)	-	-	-	
Legal reserve	-	-	-	-	-	30,671	-	
Profit retention	-	-	-	-	-	-	419,118	
Capital increase	238,703	-	(140,823)	-	-	-	(97,880)	
Total contributions by and distributions to owners	**238,703**	**-**	**(133)**	**(140,690)**	**-**	**30,671**	**321,238**	
At December 31, 2014	**1,002,858**	**1,201**	**140,689**	**562,761**	**7,523**	**154,954**	**1,297,693**	

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

	December 31, 2014	December 31, 2013
Profit before income tax and social contribution	856,862	880,856
Adjustments:		
Depreciation and amortization (Note 14)	385,347	331,943
Loss on the disposal of intangible assets (Note 14)	9,570	11,812
Interest and monetary variations on borrowings and debentures	281,285	225,644
Provision for labor, civil and administrative	(12,071)	1,938
Post-employment benefits	18,063	12,731
Impairment of trade receivables (Note 10)	19,165	24,592
Gains on disposal of intangible assets	-	(66,300)
	1,558,221	1,423,216
Changes in assets and liabilities		
Trade and other receivables	(45,565)	(40,707)
Taxes to be offset and ICMS recoverable - property,	(3,154)	(12,191)
plant and equipment	(4,153)	(17,853)
Trade payables	142,373	40,968
Taxes and contributions	(20,529)	(17,346)
Provisions for vacation pay and profit sharing	(524)	9,284
Sundry credits, prepaid expenses and other	(28,173)	9,597
Advance from customers and other	(3,400)	(10,818)
Cash from operations	1,595,096	1,384,150
Interest paid - borrowings	(164,990)	(169,065)
Income tax and social contribution paid	(111,970)	(272,391)
Net cash provided by operations	1,318,136	942,694
Net cash used in investing activities	(661,544)	(791,314)
Additions to intangible assets (Note 14)	(661,544)	(852,259)
Net cash received through disposal of intangible assets	-	60,945
Net cash provided by financing activities	(218,842)	214,852
New borrowings	399,979	1,549,663
Repayment of principal - borrowings	(344,883)	(1,334,811)
Interest on capital paid	(225,685)	-
Payment of dividends	(48,253)	-
Increase in cash and cash equivalents	437,750	366,232
Cash and cash equivalents at the beginning of the year	535,957	169,725
Cash and cash equivalents at the end of the year	973,707	535,957

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

	December 31, 2014	December 31, 2013
Revenue	7,834,924	7,831,852
Sale of gas	7,337,901	7,093,656
Other operating income	45,739	34,114
Provision for impairment of trade receivables	(19,165)	(24,592)
Construction revenue - ICPC 01	481,314	671,643
Other income (expenses)	(10,865)	57,031
Costs and expenses	(5,636,261)	(5,676,977)
Cost of gas and transportation	(4,950,934)	(4,834,666)
Cost of sales and services	(19,889)	(20,974)
Construction costs - ICPC 01	(481,314)	(671,643)
Materials, services and other expenses	(184,124)	(149,694)
Gross value added	2,198,663	2,154,875
Retentions	(385,347)	(331,943)
Amortization	(385,347)	(331,943)
Net value added generated by the Company	1,813,316	1,822,932
Value added received through transfer	111,485	51,025
Finance income	111,485	51,025
Total value added to distribute	1,924,801	1,873,957
Distribution of value added	1,924,801	1,873,957
Personnel and social charges	165,219	156,141
Taxes and contributions	818,555	820,759
Finance costs and rentals	329,426	278,146
Proposed dividends	18,620	48,636
Interest on capital	145,008	112,474
Profit retention	447,973	457,801

The accompanying notes are an integral part of these financial statements

1 General information

The main activity of Companhia de Gás de São Paulo - COMGÁS (the "Company") is the distribution of piped natural gas in part of the State of São Paulo (in approximately 180 municipalities, including the region referred to as Greater São Paulo) to industrial, residential, commercial, automotive, thermal-power generation and co-generation consumers.

COMGÁS is a public company headquartered in São Paulo, State of São Paulo, Brazil, and is listed on the São Paulo Stock Exchange (BOVESPA).

The Company is a direct subsidiary of Cosan S.A. Indústria e Comércio, which holds 60,69% of the Company's share capital.

The Concession Contract for the Exploration of Public Piped Gas Distribution Services was signed on May 31, 1999 with the conceding authority - represented by the Sanitation and Energy Regulatory Agency for the State of São Paulo (ARSESP, formerly Energy Public Utilities Commission (CSPE)).

The Contract grants and regulates the concession for the exploration of public piped gas distribution services for a period of 30 years, which may be extended for a further period of 20 years at the concessionaire's request.

ARSESP is responsible for the enforcement of the agreement and for regulating, controlling and overseeing the operations of energy operators in the State of São Paulo.

The aforementioned Concession Contract describes the obligations of COMGÁS, the rules for tariff review on a five-year basis, and the quality and safety indicators with which the Company must comply. ARSESP Ordinance 160/01 sets out the general conditions of piped gas supply.

The Concession Contract determines that the Company's tariffs are to be revised once a year, in the month of May, to realign the prices it charges with the cost of the gas it purchases and adjust its distribution margin for inflation.

These financial statements were approved by the Company's Board of Directors on January, 20, 2015.

2 Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements are being presented in thousands of reais unless otherwise stated, and were prepared in accordance with accounting practices adopted in Brazil, based on the provisions of the Brazilian Corporate Law, the standards of the Brazilian Securities Commission (CVM) and the Pronouncements and Guidelines issued by the Brazilian Accounting Pronouncements Committee (CPC), complemented by the Chart of Accounts for Public Piped Gas Distribution Services, established by ARSESP Ordinance 22 of November 19, 1999.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing the performance of the operating segments, is the Executive Board, which is also responsible for making the Company's strategic decisions.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured and stated using the currency of the primary economic environment in which the entity operates (the "functional currency").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. The foreign exchange gains and losses arising from the settlement of these transactions and the translation at the year-end exchange rate of assets and liabilities in foreign currencies are recognized in the statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within "Finance income or costs".

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term investments with high liquidity, which are readily convertible into known amounts of cash and are subject to immaterial risk of change in value.

2.5 Financial assets

2.5.1 Classification and measurement

The Company classifies its financial assets as follows: (a) held-for-trading at fair value through profit or loss; (b) loans and receivables; (c) held-to-maturity; and (d) and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. At December, 31, 2014, the Company had no financial instruments classified in the following categories: (i) held-for-trading at fair value through profit or loss; except for derivatives as disclosed in Note 2.7; (ii) held to maturity, and (iii) available-for-sale.

Loans and receivables

Loans and receivables with fixed or determinable payments and which are not quoted in an active market are included in this category. They are recognized initially at fair value and subsequently adjusted according to the effective rate of the related transaction. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

The effective rate is that established in contracts and adjusted by the related costs of each transaction.

2.5.2 Recognition and measurement

Purchases and sales of financial assets are recognized on the trade-date - the date on which the Company commits to purchase or sell the asset, when applicable. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership. Loans and receivables are carried at amortized cost using the effective interest rate method.

2.5.3 Offsetting of financial instruments

Financial assets and liabilities are not offset, except for derivatives except for derivatives and judicial deposits with suppliers according to Note 17, which are reported at a net amount in the balance sheet when there is a legal right to offset the amounts recorded and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.5.4 Impairment of financial assets

Assets carried at amortized cost

The Company periodically assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.6 Fair value

Fair values of investments with public quotations are based on current market prices. For financial assets without an active market, the Company determines fair value through valuation techniques, which include the comparison of recent transactions with third parties, references to other substantially similar instruments, discounted cash flow analyses and the option pricing models.

2.7 Derivative instruments

Derivative instruments are recorded at fair value, and the monetary corrections are recorded in the statement of income for the year.

Changes in the fair value of derivatives are recorded in the statement of income. The derivatives protect the Company against the fixed interest rate and foreign exchange rate variation of borrowings, modifying them to floating rates in the local market (percentage of the Interbank Deposit Certificate (CDI)). The gain or loss relating to the swaps is recognized in the statement of income within "Finance income and costs". Changes in the fair value of borrowings of foreign currency loans attributable to interest and/or foreign exchange rate risk are recognized in the statement of income within "Finance income and costs".

2.8 Trade receivables

Trade receivables are recognized at the amounts billed, adjusted to present value, when applicable. The provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to realize the amounts due under the original terms of the accounts receivable.

2.9 Inventories

Sundry materials are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

Materials for construction in progress are recorded as inventories.

2.10 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered mainly through a sale transaction and a sale is considered practically certain.

These assets are stated at the lower of the carrying value and fair value, less selling cost, if the carrying value will be recovered primarily through a sale transaction and not due to continuing use.

2.11 Intangible assets

(a) Concession agreement

The Company has an agreement for the public concession of gas distribution service, as disclosed in Note 1, in accordance to which the Conceding Authority, at the end of the concession, will hold a significant portion of the infrastructure and controls what services must be rendered and what prices will be applied. This concession agreement represents the right to charge from customers for the supply of gas during the effective period of the agreement. Therefore, the Company recognizes this right as an intangible asset.

Accordingly, the construction of the infrastructure necessary for the gas distribution is considered as a service rendered to the Conceding Authority, and the related income is recognized at fair value. The financing costs directly related to the construction are also capitalized.

The Company does not recognize a margin on the infrastructure construction, since such margin is mainly linked to the services contracted from third-parties at amounts which reflect the fair value.

The amortization of intangible assets reflects the pattern expected for the utilization of the future economic benefits by the Company, which corresponds to the useful lives of the assets comprising the infrastructure consonant to the ARSESP provisions, as disclosed in Note 14.

The amortization of the intangible assets is discontinued when the related asset is fully used or written-off, and no longer is included in the calculation basis of the tariff for the rendering of the concession services, whichever occurs first.

The Company may request only once the extension of the distribution services for another 20 years, being subject to evaluation by the Conceding Authority. When the concession is terminated, the assets linked to the rendering of gas distribution services will be returned to the Conceding Authority, and the Company will be entitled to receive an indemnity to be determined based on assessments and evaluations considering the book values to be calculated at the time.

(b) Contracts with customers - loyalty programs

Costs with the implementation of the gas system (includes pipeline, valves, and general equipment) for new clients are recognized as intangible assets and amortized over the contract period.

(c) Computer software

Software licenses acquired are capitalized and amortized over their estimated useful lives, at the rates disclosed in Note 14.

Costs associated with ongoing development or maintenance of computer software programs are recognized as an expense as incurred. The expenditures directly related to identifiable and exclusive software controlled by the Company, which will probably generate economic benefits exceeding the costs for more than one year, are recognized as intangible assets. Direct expenditures include the remuneration of the employees of the software development team and the appropriate portion of the related general expenses. Software development expenditures recognized as assets are amortized using the straight-line method over the applicable useful lives, at the rates described in Note 14.

2.12 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less expenses to sell and its value in use. Non-financial assets that have suffered impairment are subsequently reviewed for possible reversal of the impairment at the reporting date.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.14 Borrowings

Borrowings are initially recognized at fair value upon receipt of funds, and are subsequently carried at amortized cost, that is, plus charges and interest proportional to the time elapsed (pro rata temporis) or by the fair value, when hedged. When relevant, transaction costs are accounted for as a reduction of borrowings and recognized in the statement of income over the period of the debt, using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Provisions and contingent liabilities

Provisions for tax, labor and civil cases are recognized when: (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount can be reliably estimated. The contingent liabilities are those assessed as possible losses and are disclosed in a note to the financial statements and the contingent liabilities assessed as remote losses are neither provided for nor disclosed; and provisions are recorded as liabilities.

2.16 Other assets and liabilities (current and non-current)

An asset is recognized in the balance sheet when it is probable that its future economic benefits will flow to the Company and its cost or value can be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of funds will be necessary to settle it. Liabilities include, when applicable, the related charges and monetary or foreign exchange variations incurred. The provisions are recorded based on the best estimates of the risk involved.

Assets and liabilities are classified as current when the realization or settlement is probable within the next 12 months. Otherwise, they are presented as non-current.

2.17 Current and deferred income tax and social contribution

The income tax and social contribution benefit or expense for the exercise comprises current and deferred taxes. Income taxes are recognized in the statement of income, except to the extent that they relate to items recognized directly in equity. In this case the tax is also recognized in equity.

The current income tax and social contribution charge is calculated based on the tax laws enacted, or substantively enacted, on the balance sheet date. Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which the applicable tax regulation is subject to interpretation, and it establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax and social contribution are determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on the same taxable entity.

2.18 Retirement benefit obligations

(a) Post-employment benefits

The Company offers the following post-employment benefits:

. Health care paid to former employees and their dependents who retired on or before May 31, 2000 or after, provided that, at the retirement date, the employee has contributed for 20 years to the National Institute of Social Security (INSS) and accumulated 15 years of uninterrupted work in COMGÁS.

. Supplemental retirement benefits through a defined benefit plan - Free Benefit Generating Plan (PGBL).

The liability recognized in the balance sheet in respect of the benefits for post-retirement benefit plans is calculated on an annual basis by independent actuaries.

The amount recognized in the balance sheet in respect of liabilities for post-retirement benefit plans represents the present value of the obligations less the fair value of the assets, including actuarial gains and losses. The cost of providing post-retirement benefits is charged to the statement of income over the periods benefiting from the employee's services. Current service costs are reflected in operating profit and financing costs are reflected in finance expenses in the period in which they arise.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(b) Profit sharing

The Company recognizes a liability and an expense for profit sharing based on a formula that takes into account several targets besides the profit attributable to the Company's stockholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 Leases

Lease agreements are classified upon inception. Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Other types of lease agreements are classified as operating leases. Leases are capitalized at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in financial liabilities. The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The intangible assets acquired under finance leases are amortized over the useful life of the asset. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

2.20 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's stockholders is recognized as a liability in the financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved according to the bylaws.

The tax benefit of interest on capital is recognized in the statement of income.

2.21 Share capital

Common and preferred shares are classified in equity.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of taxes, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Billed revenue

Revenue from gas distribution services is recognized when its amount can be reliably measured, and is recognized in the statement of income when the volumes are delivered to the customers.

(b) Unbilled revenue

Unbilled gas refers to the portion of gas supplied for which metering and billing to customers have not yet occurred, as disclosed in Note 10. This amount is estimated based on the period after the monthly measurement and up to the last day of the month. The actual volume billed may be different than the estimates. The Company believes that, based on previous experiences with similar operations, the unbilled amount will not significantly differ from the actual amounts.

(c) Construction revenue - ICPC 01 (R1)

Revenue from construction services is recognized in accordance with the CPC 17 (R1), "Construction contracts", based on the asset construction progress. Unrecognized contract costs are recognized in the statement of income as costs of services rendered, when incurred.

The Company does not record a margin on construction of infrastructure, mentioned of Note 2.11(a).

(d) Interest income

Interest income is recognized according to the time elapsed, using the effective interest rate method.

As time elapses, interest is incorporated into loans and receivables against interest income.

3 Standards, amendments and interpretations of standards

3.1 Standards, amendments and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards were issued by the International Accounting Standards Board (IASB) but are not effective for 2014. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

IFRS 9 -"Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The full version of IFRS 9 was issued in July 2014, effective for January 1, 2018. It replaces the guidance in IAS 39, which relates to classification and measurement of financial instruments. IFRS 9 retains but simplifies the combined measurement model and establishes three main categories of measurement for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. It also brings a new model of expected credit losses, replacing the current model of incurred losses. IFRS 9 slows the requirements of hedge effectiveness and requires an economic relationship between the hedged item and the hedging instrument and the hedge ratio is the same as that fact that management uses for risk management purposes. Management is evaluating the full impact of adoption.

IFRS 15 - " Revenue from Contracts with Customers " - This new standard provides the principles that an entity apply to determine the measurement of income and when it is recognized . It comes into force on January 1, 2017 and replaces IAS 11 - " Construction Contracts " , IAS 18 - " Income" and related interpretations. Management is evaluating the impact of adoption.

3.2 Changes and interpretations adopted by the company

OCPC 07 - " Disclosure of Accounting and Financial Reports ". Discusses the quantitative and qualitative aspects of the disclosures in the notes, strengthening existing requirements in accounting standards and noting that only the relevant information to users of financial statements should be disclosed.

4 Critical accounting estimates and judgments

Based on assumptions, the Company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are addressed below.

(a) Impairment of trade receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company makes an individual analysis for significant debtors and on an aggregated basis for the other. If there is any evidence that the Company will not receive any outstanding amount, an impairment provision is recorded.

(b) Provisions

Provisions are recognized in the period when it becomes probable that there will be an outflow of resources resulting from operations or past facts that can be reliably estimated. The recognition requires judgment for existing facts and circumstances, which are subject to changes.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapsed is recognized as interest expense.

(c) Fair value of derivatives and other financial instruments

The Company has financial instruments traded in active markets. The Company uses best practices to select methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Company does not have available-for-sale financial assets that are not traded in active markets.

(d) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company, together with its external actuaries, determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 22.

(e) Unbilled revenue

As described in Note 2.22, "Revenue recognition - letter (b)", the unbilled revenue refers to the supplied portion of gas of which the measurement and billing to customers have not yet occurred.

5 Financial risk management

(a) Main risks associated with the Company's financial strategy

Risk management and derivative utilization policy

The Company maintains a Treasury Policy, approved by a decision of the Board of Directors and with periodical reviews, which determines the standardization and the target towards which the financial transactions must follow within the Company. In addition, this policy establishes the counterparty credit risk evaluation methodology (foreign exchange transactions, derivatives, financial investments and guarantees) and determines what financial instruments are allowed.

The management of risks associated with financial transactions is made by applying the Treasury Policy and the strategies defined by the Company's Management. These rules establish guidelines for the management of risks, as well as the measurement and consequent mitigation of market risks, cash flow forecasting and the definition of exposure limits. Only the best financial and economical non-speculative transactions may be executed; the Company's exposure must always justify the contracting of such transaction.

In order to carry out the best cash management, the Company follows the internal policy of maintenance of facilities used for the management of working capital and in investments aligned with future cash flow projections, which have estimates not significantly different from the realized cash, due to the Company's business stability.

The Company is exposed to risks in its operations, arising from fluctuations in the interest and foreign exchange rates, and uses derivative financial instruments to control such exposures, in conformity with the treasury policies. The Company enters into future exchange and currency swap contracts in order to reduce the foreign exchange risk of certain cash flows in foreign currency and to manage the composition of the foreign currency of its assets and liabilities. Some of these contracts combine simultaneously in foreign currency and interest rate swap transactions.

When there is sufficient liquidity in the financial market, the Company will contract derivative transactions in amounts and terms that are identical to the cash flows of the exposures under negotiation.

This will be made by analyzing always the best alternative and following the risk management policy mentioned above, in relation to the minimum hedge percentage to be contracted, that is 75% of the notional value, for amounts above US$ 500 thousand.

The Company calculates the fair value of the interest rate and the variation of the foreign exchange rate using market valuation, when available; if not available, the calculation is made discounting all future cash flows by the market interest curve at the reporting date.

(b) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the policy for dividends paid.

The Company monitors capital based on financial leverage indices, involving cash generation (EBITDA), short-term indebtedness and total indebtedness. These indices (covenants) are used by financial institutions in borrowing contracts. The results of these covenants at December 31, 2014 and 2013 were within the parameters established in the related contracts.

One of the financial leverage indices used by Management is shown below:

	2014	2013
Net debt	1,829,541	2,095,898
EBITDA	1,434,668	1,403,249
(=)Net debt/ EBITDA	1.28	1.49

Conciliation of EBITDA

EBITDA - R$ Mil	2014	2013
Profit for the year	611,601	618,911
(+) Income tax and social contribution	245.261	261,945
(+) Finance result	193.025	191,005
(+) Amortization	385,347	331,943
(-) Other amortization	(566)	(555)
EBITDA	**1,434,668**	**1,403,249**

(c) Associated risks

(i) Interest rate risk

The Company is exposed to the interest rate risk due to its asset and liability positions. This risk can be covered by using interest rate swaps, where the Company can exchange fixed positions for floating positions in Brazilian reais (percentage of the Interbank Deposit Certificate (CDI) or other floating rate in Brazilian reais).

(ii) Foreign exchange risk

The Company is present in the bank credit market, obtaining funds in local and foreign currency for financing its investments and working capital, and thus is exposed to risks arising from the variations of foreign exchange and interest rates of foreign currencies.

The risk arising from this possibility is the cash loss and restrictions due to exchange rate fluctuations, which could increase the balances of liabilities denominated in these currencies. The exposure related to obtaining funds in foreign currency is covered by hedging transactions, allowing the Company to exchange the risk of variation of these currencies, which are usually linked to the variations of the CDI, using foreign exchange forwards or swap instruments.

For the hedging against foreign exchange and interest rates of the financing contracts in foreign currency, the Treasury Policy establishes the foreign exchange coverage of the principal and interest up to the financial maturity of the borrowing to at least 75% of the total gross amount (notional value).

When there is no foreign exchange swap available in the financial market to cover the total period of the operation, it must be made for the longest possible period.

The Treasury Policy does not allow the utilization of derivative instruments for speculative purposes, but only for hedging against previously identified risks (hedge transactions - only swaps and forwards instruments are authorized).

Transactions with gas suppliers can be linked to foreign currencies. The resulting risk is reflected in the variation of trade payables and gas cost. The exposure to foreign currency variations is absorbed by the regulatory assets (liabilities), which are periodically transferred to customers through tariff adjustments.

(iii) Credit risk

There is no concentration of credit risk in large individual consumers at a volume higher than 10% of sales. This risk is represented by trade receivables from customers of the Company in all segments which, however, is attenuated because the Company's sales are made to a diluted basis of customers.

At December 31, 2014, the Company's main financial instruments included:

. Cash and cash equivalents - according to Note 9
. Trade receivables - customers - according to Note 10
. Borrowings - according to Note 15
. Derivative financial instruments - according to Note 16
. Retirement benefit obligations - according to Note 22

The Company is not exposed to the risk related to the transfer of financial assets at the end of the presented financial years.

(iv) Liquidity risk

Liquidity risk is represented by cash flow mismatches, resulting from difficulties to rapidly carry out the disposal of an asset or obtain funds, thus affecting the financial capacity.

The Company is exposed to liquidity risk, including risks associated with refinancing borrowings as they mature, the risk that borrowing facilities are not available to meet the Company's cash requirements and future commitments, and the risk that financial assets cannot readily be converted to cash without loss of value.

The Company adopts two general guidelines for the mitigation of this risk:

To maintain the interest rate to creditors at floating rates in local currency. If these borrowings are obtained in other rates, the Company may use derivative instruments.

The Company also maintains adequate committed borrowing facilities and holds its financial assets concentrated in short-term deposits in prime institutions with daily liquidity.

The table below analyzes the Company's non-derivative financial liabilities and the derivative financial liabilities settled by the Company into relevant maturity groupings based on the remaining period at the financial statements up to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows.

					2014
	Up to one year	**More than one year and up to two years**	**More than two years and up to five years**	**Over 5 years**	**Total**
Non-derivative financial instruments					
Borrowings	615,207	594,194	2,339,833	491,551	4,040,785
Trade and other payables	774,519		-	78,084	852,603
	1,389,726	594,194	2,339,833	569,635	4,893,388

					2013
	Up to one year	**More than one year and up to two years**	**More than two years and up to five years**	**Over 5 years**	**Total**
Non-derivative financial instruments					
Borrowings	437,311	513,022	1,603,968	829,893	3,384,194
Trade and other payables	714,486	-	-	-	714,486
	1,151,797	513,022	1,603,968	829,893	4,098,680

	2014				
	Up to one year	More than one year and up to two years	More than two years and up to five years	Over 5 years	Total
Derivative financial instruments					
Derivatives used for hedging					
Outflows (COMGÁS)	(249,031)	(446,340)	(366,380)	(29,971)	(1,091,722)
Inflows (COMGÁS)	227,142	476,011	566,482	59,812	1,329,447

	2013				
	Up to one year	More than one year and up to two years	More than two years and up to five years	Over 5 years	Total
Derivative financial instruments					
Derivatives used for hedging					
Outflows (COMGÁS)	(93,727)	(412,758)	(600,941)	(102,861)	(1,210,287)
Inflows (COMGÁS)	40,773	361,968	744,150	170,552	1,317,443

(d) Swaps of foreign currency financing

As specified in "Derivative financial instruments" - Note 16, exchange rate swaps convert liabilities in foreign currency into liabilities in Brazilian reais indexed to CDI, thus eliminating the exposure to the foreign exchange and international interest rates (fixed or floating rate). The nominal values, rates and maturities of the asset position of swaps are identical to those of the related borrowings. Swaps are carried out in the over-the-counter market, and the instruments do not require any collateral.

The instruments are considered as swaps without cash. Details about the swaps are presented in the table below.

The Company the load to maturity and their accounting is done in the derivatives group.

The criterions, methods and assumptions applied in the determination of fair value refer to the price quoted in an active market and are in line with the methodology contractually established between the parties.

The summarized derivative financial instruments are as follows:

Description	Counterparty	Original currency	Notional amount	Percentage	
				Assets	Liabil
EIB II - first release	Sundry banks	USD	84,381,326	Foreign exchange variation (VC)+ 3,881 p.a.	94.34 of CDI
EIB II - second release	Sundry banks	USD	39,922,159	VC + 2.936 p.a.	95.20 of CDI
EIB II - third release	Sundry banks	USD	71,400,000	VC + LIBOR 6M + 0.483	88.47 of CDI
EIB II - fourth release	Sundry banks	USD	72,435,000	VC + LIBOR 6M + 0.549	81.11 of CDI
SCOTIABANK - Resolution 4,131	SCOTIABANK	USD	75,000,000	VC + 3.7975 p.a.	113.75 of CDI
TOKYO - Resolution 4,131	TOKYO	USD	50,000,000	VC + 2,8114 p.a	100,00 of CDI + 0.6
BOFA - Resolution 4,131	BOFA	USD	50,000,000	VC + LIBOR 3M + 1.10 p.a.	100,00 of CDI + 0.4

There are no significant differences between the market and the fair values of these instruments.

(e) Sensitivity analysis

The Company, as established by CVM Instruction 475, prepared a sensitivity analysis identifying the main risk factors that may generate variations in its financial instruments: borrowings and derivatives.

The sensitivity analyses are established with the use of premises and assumptions regarding future events. The settlement of transactions involving these estimates may result in different amounts being payable, due to the subjectivity inherent in the process used for the preparation of such analyses.

These variations may impact the Company's results and/or future cash flows, as described below:

- The exposure scenarios of the financial instruments indexed to variable interest rates (CDI) were maintained based on the calculation curves at December 31, 2014.
- The effects shown here refer to changes in the result for the next 12 months.
  - Scenario I (probable) - maintenance of the interest and foreign exchange rates according to the levels at December 31, 2014.
  - Scenario II (50%) - deterioration of 50% in each of the risk factors in relation to the scenario at December 31, 2014.
  - Scenario III (25%) - deterioration of 25% in each of the risk factors in relation to the scenario at December 31, 2014.
  - Scenario IV (25%) - increase of 25% in each of the risk factors in relation to the scenario at December 31, 2014.
  - Scenario VI (50%) - increase of 50% in each of the risk factors in relation to the scenario at December 31, 2014.

Description	Risk	Scenario – I (probable)	Rate decrease Scenario II (-50%)	Rate decrease Scenario III (-25%)
Regulatory current account (*)	Change in SELIC	105,075	52,537	26,269
Debt in foreign currency				
Debt	Change in USD	(435,436)	(217,718)	(108,859)
Derivative (asset position)	Change in USD	435,436	217,718	108,859
Net effect		-	-	-
Derivative (liability position)	Change in CDI	4,960	2,480	1,240
Debt in local currency				
Debt – CDI	Change in CDI	(14,981)	(7,446)	(3,723)
Debt – TJLP	Change in TJLP	(144,553)	(72,277)	(36,138)
Debt – IPCA	Change in IPCA	(23,045)	(11,522)	(5,761)
Total of changes in profit for the next 12 months:				
Considering the regulatory current account		(72,544)	(36,228)	(18,113)
Not considering the regulatory current account		(177,619)	(88,765)	(44,382)
Assumptions				
SELIC (regulatory current account)		11.65	5.83	8.74
SELIC		11.65	5.83	8.74
USD		2.66	1.33	2.00
CDI		11.57	5.79	8.68
TJLP		5.50	2.75	4.13

IPCA - Amplified Consumer Price Index
SELIC - Special System for Settlement and Custody
TJLP - Long-term Interest Rate

(*) Effects of the regulatory current account are described in Note 6.

(f) Fair value estimation

The fair value of financial instruments that are traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on methods and conditions widely used by the market at each balance sheet date.

The Company adopted the amendments to CPC 40 (R1) for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Company's assets and liabilities that were measured at fair value:

	2014
	Level 2
Assets	
Derivatives used for hedging	335,058
Total assets	335,058
Liabilities	
Borrowings	(1,157,957)
Derivative financial instruments	(4,960)
Total liabilities	(1,162,917)

	2013
	Level 2
Assets	
Derivatives used for hedging	257,814
Total assets	257,814
Liabilities	
Borrowings	(1,046,701)
Derivative financial instruments	(48,282)
Total liabilities	(1,094,983)

6 Regulatory assets (liabilities)

	2014	2013
Cost of gas to be recovered/(transferred)	243,713	345,349
Credits of taxes to be recovered/(transferred)	(1,120)	2,517
Adjustment to present value of taxes	61	(137)
	242,654	347,729
Opening balance	347,729	380,894
Closing balance	242,654	347,729
Expense not recognized in the statement of income before income tax and social contribution	(105,075)	(33,165)
Regulatory assets (liabilities)	(124,495)	(59,173)
Adjustment	26,359	34,376
Other	(6,939)	(8,368)
	(105,075)	(33,165)

The tariffs for the supply of gas to the different customer segments are authorized by the conceding authority. In accordance with the terms of the Concession Agreement, the differences between the cost component of gas included in the tariffs charged to the customers and the actual cost of gas incurred are determined on a monthly basis and charged or credited to a regulation account (regulatory account).

Periodically, charges or credits in the tariffs are determined by the regulator with the objective of amortizing the amounts accumulated in this account.

The balance of this account is considered as an asset or as a liability, pursuant to the regulator's chart of accounts and for income tax purposes. However, this account is excluded from the financial statements prepared in accordance with accounting practices adopted in Brazil, because the respective balance is not considered as an asset or as a liability, as its realization or liquidation depends on further purchases by the Company's consumers. Therefore, the balances presented above are not recorded in these financial statements.

7 Financial instruments by category

	2014		
	Loans and receivables	Derivatives used for hedging	Total
Assets as per balance sheet			
Judicial deposits	42,029	-	42,029
Derivative financial instruments	-	335,058	335,058
Trade and other receivables	762,433	-	762,433
Cash and cash equivalents	973,707	-	973,707
	1,778,169	**335,058**	**2,113,227**

	2013		
	Loans and receivables	Derivatives used for hedging	Total
Assets as per balance sheet			
Judicial deposits	26,671	-	26,671
Derivative financial instruments	-	257,814	257,814
Trade and other receivables	712,670	-	712,670
Cash and cash equivalents	535,957	-	535,957
	1,275,298	**257,814**	**1,533,112**

	2014			
	Liabilities at fair value through profit or loss	Derivative financial liabilities	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings	1,157,957	4,960	2,245,544	3,408,461
Debentures	-	-	578,615	578,615
	1,157,957	**4,960**	**2,824,159**	**3,987,076**

	2013			
	Liabilities at fair value through profit or loss	Derivative financial liabilities	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings	1,046,701	48,282	1,919,711	3,014,694
Debentures	-	-	581,372	581,372
	1,046,701	48,282	2,501,083	3,596,066

8 Credit quality of financial assets (unaudited)

(a) COMGÁS had a portfolio of approximately 1,460 thousand residential, commercial, industrial, automotive, co-generation and thermal-power generation customers at December 31, 2014. There is no significant concentration in any of its customers, diluting thus the risk of default.

(b) Cash and cash equivalents according to the creditworthiness of the counterparties.

	2014	2013
Current accounts and short-term bank deposits (*)		
AAA	736,545	330,484
AA	237,162	205,473
	973,707	535,957

(*) Scale widely accepted and recognized by the financial market using the methodology released by international risk rating agencies.

9 Cash and cash equivalents

Cash and cash equivalents are substantially investments in Bank Deposit Certificates (CDBs) and private securities, with immediate liquidity granted by the issuer of such instruments.

	2014	2013
Cash at bank and on hand	33,673	45,281
Investments in Bank Deposit Certificates	940,034	490,676
	973,707	535,957

10 Trade receivables - current

(a) The aging of trade receivables is as follows:

	2014	2013
Gas bills receivable	315,849	302,721
Gas bills receivable - in installments	12,710	12,277
Receivable from sale of equipment	26,213	24,921
Adjustments to present value	(2,183)	(1,835)
Unbilled revenue	350,593	332,454
Impairment of trade receivables	(115,913)	(96,683)
	587,269	573,855

The amounts receivable from gas bills in installments refer to the payment in installments of amounts due from customers. Cases of default with risks of realization are properly provisioned.

Unbilled gas refers to the portion of gas supplied in the month, for which metering and billing to customers have not yet occurred.

Losses recorded in 2014 and 2013 were as follows:

	2014	2013
January, 1	(96,683)	(106,146)
Provision for impairment of trade receivables	(19,165)	(24,592)
Trade receivables written off as uncollectible	(65)	34,055
December, 31	(115,913)	(96,683)

Accounts receivable are recorded at amortized cost, which is equivalent to the fair value and adequately disclosed in the financial statements.

(b) Summary of trade receivables and related parties from customers by maturity:

	2014	2013
Not yet due	145,778	149,242
Overdue		
Up to 30 days	55,119	40,968
Over 30 days	114,952	112,511
	315,849	302,721

The amount of R$ 115,913 from the balance of trade receivables due over 30 days was impaired at December 31, 2014 (December 31, 2013 - R$ 96,683).

Other accounts receivable of balance sheet do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value

11 Inventories

	2014	2013
Inventory of material for construction	86,895	82,361
Finished products	2,066	1,735
Sundry materials	36,445	37,157
	125,406	121,253

12 Transportation paid and not used

	2014		2013	
	Current	Non-current	Current	Non-current
Ship or pay transport - PETROBRAS	5.442	158.244	133.823	-
	5.442	158.244	133.823	-

The recovery of the balances related to the "transportation paid and not used" will be made automatically, with no charges to the Company, to the extent the transportation will be used above the contractually-stipulated percentage, as disclosed in Note 17.

13 Taxes recoverable

The composition of taxes recoverable is as follows:

	2014	2013
Value-added Tax on Sales and Services (ICMS) recoverable	52.322	46.429
Value-added Tax on Sales and Services (ICMS) on assets (i)	31.479	32.738
Social Contribution on Net Income (CSLL)– in advance	47.947	29.020
National Institute of Social Security (INSS) recoverable	570	1.971
Other	274	352
	132.592	110.510
Current	115.485	92.144
Non-current	17.107	18.366

(i) Tax on Sales and Services (ICMS) recoverable on assets corresponds the part of ICMS recoverable on the purchase of assets adjusted to present value, which may be used to reduce the ICMS payable in monthly installments over 48 months.

14 Intangible assets

	2013	Changes			2014
		Additions	Transfers	Disposals	
Intangible assets in service					
Concession agreement	4,876,537	-	497,770	(19,774)	5,354,533
Accumulated amortization (ii)	(1,385,394)	(222,039)	-	13,663	(1,593,770)
	3,491,143	(222,039)	497,770	(6,111)	3,760,763
Customer loyalty efforts	891,522	-	141,069	(7,514)	1,025,077
Accumulated amortization (i)	(547,618)	(133,202)	-	3,419	(677,401)
	343,904	(133,202)	141,069	(4,095)	347,676
Computer software and other	262,426	-	14,571	-	276,997
Accumulated amortization (i)	(200,176)	(30,106)	-	(108)	(230,390)
	62,250	(30,106)	14,571	(108)	46,607
Total intangible assets in service	3,897,297	(385,347)	653,410	(10,314)	4,155,046
Intangible assets in progress	235,366	661,544	(653,410)	744	244,244
Total intangible assets	4,132,663	276,197	-	(9,570)	4,399,290

(i) Weighted average rate of 20% p.a.
(ii) Weighted average rate presented in the table below.

As a result of the adoption of the ICPC Interpretation 01 (R1), at January 1, 2009, the Company reclassified to "Intangible assets" the property, plant and equipment related to the Concession Agreement, disclosed in Note 2.11 (item A). These assets were as follows at December 31, 2014 and 2013:

Net book value	Weighted average rate p,a, - %	2013	Changes			2014
			Additions/ transfers	Amortization	Disposals	
Land		26,468	-	-	-	26,468
Pipes	3.4	2,911,424	393,077	(173,832)	(561)	3,130,108
Buildings and improvements	2.7	65,551	8,512	(3,116)	(1)	70,946
Machines and equipment	5.4	447,866	63,268	(30,628)	(3,516)	476,990
Transportation equipment	20	10,435	2,535	(3,516)	(288)	9,166
Administrative furniture and equipment	10	29,399	30,378	(10,947)	(1,745)	47,085
		3,491,143	497,770	(222,039)	(6,111)	3,760,763

The amounts recognized as "Intangible assets" and presented above represent the cost of the assets constructed or purchased, net of amortization, which are utilized for concession services.

The amortization, calculated on the estimated useful lives of assets, constructed in accordance with the concession agreement and which form an integral part of the tariff calculation basis of services, was R$ 222,039 and was charged to the statement of income for the year ended December 31, 2014.

The income tax and social contribution on the revaluation balance totaled R$ 3,888 (note 19 (b)) at December 31, 2014 (December 31, 2013 - R$ 4,581). The net amount related to the realization of the revaluation reserve is not considered in the dividend distribution calculation basis.

During the year ended December 31, 2014, the Company capitalized R$ 20,891 (December 31, 2013 - R$ 25,283), which was related to interest on borrowings obtained for the construction of those assets. The weighted average rate of the financial debt interest, used for capitalization of interest on the balance of work in progress, was 10.93% for the year ended December 2014 (9.72% p.a. for the year ended December 31 2013).

15 Borrowings

	2014		2013	
	Current	Non-current	Current	Non-current
Borrowings	456,634	2,098,097	294,269	1,964,678
Non-convertible debentures	10,031	568,584	41,046	540,326
Finance lease obligations	-	-	1,068	-
	466,665	2,666,681	336,383	2,505,004

(a) Borrowings

		2014	
	Charges - %	**Current**	**Non-current**
In local currency			
BNDES (Project IV) - direct	TJLP + 3,2 p.a.	-	-
BNDES (Project IV) - direto w/ surety	TJLP + 2,8 p.a.	2	-
BNDES (Project V)	TJLP + 2,8 p.a.	114,316	169,851
BNDES (Project VI)	TJ462 + 1,8 p.a.	80,017	756,196
BNDES (Project VI)	Selic + 1,8 p.a.	22,777	252,135
BNDES (Project VI)	TJLP	1,423	4,001
Cost of transaction		(1,020)	(2,924)
		217,515	1,179,259
In foreign currency (*)			
EIB II – first release - USD	3,881 p.a.	42,608	169,419
EIB II – second release - USD	2,936 p.a.	18,964	86,183
EIB II – third release - USD	LIBOR 6M	18,546	167,189
EIB II – fourth release - USD	LIBOR 6M	17,141	171,414
SCOTIABANK - Resolution n. 4,131	3,7975 p.a.	7,501	197,104
TOKYO - Resolution n. 4,131	2,5257 p.a.	3,725	127,529
BOFA - Resolution n. 4,131	LIBOR 3M + 1,10 p.a.	130,634	-
		239,119	918,838
		456,634	2,098,097

(*) As disclosed in Note 5, for all borrowings in foreign currency, the Company contracts derivative financial instrumen variations in the foreign exchange rate.

The amounts classified as non-current have the following maturity by year:

	2014
From January 1, 2016	446,772
2017	591,896
2018	445,681
2019	317,816
2020	259,611
2021 onwards	36,321
	2,098,097

The fair values of the current and non-current borrowings approximate their carrying amounts, considering that the impact of the discount is not material. The Company's indebtedness percentage is as follows: 75.6% (floating) and 24.4% (fixed) (2013 - 80.8% floating and 19.2% fixed).

The Company recognized the transaction cost related to the borrowings with the BNDES amounting to R$ 5,355, with amortization in 2014 amounting to R$ 1,411.

There were no cases of non-compliance or breach of contractual agreements with creditors during the year.

BNDES borrowings have amortization of principal and payment of interest on a monthly basis, except those in the grace period. For these borrowings, the guarantees provided are:

. Project IV - direct transaction with BNDES: Company's receivables, held in custody by Banco Itaú; direct transaction with BNDES: bank guarantee of Banco Itaú, Banco Votorantim, Banco Bradesco and Banco Santander, in the proportion of 25% to each bank.

. Project V - direct transaction with BNDES: bank guarantee of Banco Itaú BBA, with 100% of the borrowing.

. Project VI - direct transaction with BNDES: bank guarantee of Banco Bradesco (67.83%), Banco Itaú (14.56%) and Banco Safra (17.61%).

(b) Non-convertible debentures

Date of issue	Series	Amount	Remuneration - %	2014 Current	2014 Non-current	2013 Current	2013 Non-current
8/5/2008	Single	1	CDI + 1,5 p.a.	-	-	34,767	-
9/15/2013	1st	1	CDI + 0,9	4,489	128,197	2,967	128,197
9/15/2013	2nd	1	IPCA+ 5,1	4,401	291,156	3,095	273,497
9/15/2013	3rd	1	IPCA+ 5,6	2,537	153,980	1,752	144,640
Cost of transaction				(1,396)	(4,749)	(1,535)	(6,008)
				10,031	568,584	41,046	540,326

Changes	Single	1st issue	2nd issue	3rd issu
At December 31, 2013	34,767	131,164	276,592	146,39
Funding	(33,340)	-	-	
Repayment of principal	(3,867)	(13,160)	(13,523)	(7,77
Repayment of interest	-	-	16,537	8,74
Financial charges	2,440	14,682	15,951	9,15
At December 31, 2014	-	132,686	295,557	156,5

(i) On August 5, 2008, the Company concluded the issue of a single and indivisible debenture non-convertible into shares with par value of R$ 100,000, without covenants establishing compliance with certain minimum financial indices.

In August 2012, 2013 and 2014, repayments of the principal (33.33%, 33,33% and 33,34%) were made. The payment of interest will be made annually, without renegotiation. In August 2012, August 2013 and August 2014, the fourth, fifth and sixth payments of interest were made in the amount of R$ 11,84, R$ 5,86 and R$ 3,87 milion, respectively.

(ii) In September 15, 2013, debentures were issued on the 3rd issue of simple unsecured debentures not convertible into shares of the Company. The resources were raised in three sets, amounting of R$ 540 million, and the total value of the first series corresponded to the amount of R$ 128,197, the total value of the second series corresponded to the amount of R$ 269,338 and the total value of the third series corresponded to R$ 142,465.

In March 2014, there was interest payment in the amount of R$ 5.82 million, according to the first series of the third issue of debentures.

Interest on the first series will be paid semiannually in March and September up to the end of the operation. Interest on the second and third series will be paid annually in September up to the end of the operation.

The principal amount and restatement of the first series will be amortized in subsequent years: 4th year (33.33%), 5 years (33.33%) and 6 years (33.34%). The principal amount and restatement of the second series will be fully amortized at the end of the operation which will take place on September 15, 2018. The principal amount and restatement of the third serious will be paid in two annual installments in 6 (50%) and 7 (50%) years, and therefore the first payment due on September 15, 2019 and the last payment due on September 15, 2020.

For this issue there are clauses that determine compliance with certain covenants as follows:

I. The calculation of Net Debt Onerous and EBITDA for the last 12 months (annual check in December) may not exceed or equal to 4.00.

II. The calculation of ratio of Short Term Debt and Total Debt of the last 12 months (annual check in December) may not exceed 0.60.

The fair value of debentures traded in the secondary market on December 31, 2013 for the first series was 100.18% of the curve PU, for second series 100.72% and 101.68% for third grade.

In 31 December 2014 the percentages to fair value in the secondary market for the first series was 99.84% of the curve PU, for second grade 97.45% and 101.74% for third grade.

In December 31, 2014, the Company is compliant with all financial ratios (covenants).

16 Derivative financial instruments

The amounts recognized in respect of derivative financial instruments are as follows:

		2014		2013	
In foreign currency	**Charges - %**	**Current**	**Non-current**	**Current**	**Non-current**
EIB II - first release	94.34 of CDI	4,978	64,346	(2,423)	54,018
EIB II - second release	95.20 of CDI	1,135	32,932	(3,736)	27,315
EIB II - third release	88.47 of CDI	(2,147)	75,402	(8,121)	58,444
EIB II - fourth release	81.11 of CDI	(2,892)	75,391	(7,473)	58,259
SCOTIABANK - Resolution nº 4,131	113.75 of CDI	(12,015)	49,665	(9,914)	28,037
TOKYO - Resolution nº 4,131	100.00 of CDI+0.6%	(8,013)	37,322	(6,790)	22,305
BOFA - Resolution nº 4,131	100.00 CDI + 0.4%	13,994	-	(9,825)	9,436
		(4,960)	335,058	(48,282)	257,814

	2014		2013	
	Asset position	Liability position	Asset-position	Liability Position
EIB II - first release	211,078	(141,754)	204,848	(153,253)
EIB II - second release	105,147	(71,080)	94,107	(70,528)
EIB II - third release	185,330	(112,075)	161,684	(111,361)
EIB II - fourth release	188,555	(116,056)	164,741	(113,955)
SCOTIABANK - Resolution 4,131	204,605	(166,955)	186,232	(168,109)
TOKYO - Resolution 4,131	131,256	(101,947)	117,716	(102,201)
BOFA - Resolution 4,131	130,634	(116,640)	116,428	(116,817)
	1,156,605	(826,507)	1,045,756	(836,224)

As mentioned in Note 5 (financial risk management), the Company is exposed to interest and foreign exchange rate risks. All derivative instruments are designated as hedges in accordance with the Company's risk management policies.

All derivative instruments (swaps) are measured at fair value, as are the related borrowings.

Management considers that at the calculation made, based on the analysis of the risks and on the characteristics of the mapped exposures and the instruments contracted for the mitigation of risks, at December 31, 2014, the results of derivative transactions will be substantially offset by the related variations in the hedged items.

Therefore, Management understands that the derivative instrument transactions contracted do not expose the Company to significant risks that could generate material losses due to foreign exchange variation, interest rate or any other variation.

17 Trade payables

The composition of trade payables is as follows:

	2014	2013
Gas/transportation suppliers	749,022	590,168
Suppliers of materials and services	99,748	116,229
	848,770	706,397

The Company has natural gas supply contracts with Petrobras and Gas Brasiliano under the following conditions:

. Contract with Petrobras in the firm mode, effective from January 2008 to December 2019 for a contracted daily volume of 5.22 million m³.

. Contract with Petrobras in the firm mode, effective from June 1999 to June 2019, for a contracted daily volume of 8.10 million m³ of Bolivian gas.

. Two Gas Contracts of Priority Thermoelectricity Program (PPT) with Petrobras to purchase 3.06 million m³/day, distributed between 2.76 million m³/day with Thermal Power Plant (UTE)-Fernando Gasparian, effective up to December 31, 2015, and 0.3 million m³/day with Corn Products, effective up to March 31, 2023.

. In October 2012, a new short-term contract was constituted in order to continue with the auction offerings, effective up to September 30, 2015. Each Local Distribution Company (CDL) will make its volume and price offering. New gas offerings can be made each month for 1 and/or 3 months (seasonality), as a 100% Take or pay (ToP) level.

. Weekly contract for purchase and sale of gas (very short-term) with Petrobras, effective up to September 30, 2015, according to which the Company will be able to acquire gas via electronic platform in daily contracted amounts that vary according to requests made by the Company and accepted by Petrobras.

. Contract with Gás Brasiliano in the firm mode, effective from April 2008 to March 2016, for a contracted volume of 1,38 million m³/month and of 16,56 milion m³ per year.

The contracts for the supply of gas have specific characteristics, such as a minimum gas consumption by Comgás (take or pay for the commodity and ship or pay for transportation), in other words, if the Company consumes below the agreed volume, it must make payments in advance of the difference between the consumption and the minimum volume agreed, which may be offset (through consumption) over the life of the contract. The amounts paid were recognized in the line "Transportation paid and not used".

The prices of gas supply contracts are composed of two installments: one is indexed to oils basket in the international market, adjusted every quarter, and the other is adjusted annually based on the domestic or U.S. inflation. The cost of gas is in R$/m³, while Bolivian gas is calculated in USD/MMBTU, with monthly adjustment of foreign exchange variation.

In February 25, 2014 COMGÁS obtained an injunction filed against PETROBRAS, which ensured the Company the right to provide monthly deposit the disputed amount due to PETROBRAS, corresponding to the price difference between (i) the price on the Gas Supply Agreement TCQ signed between Comgás and Petrobras and (ii) the price on the Firm Supply Agreement signed between Petrobras and Gas Brasiliano Distribuidora SA, considering the equal obligation assumed with the Petrobras Group at the State Regulatory Agency - ARSESP. Initially, the security was provided by bank deposits which subsequently after injunction granted by the Supreme Court, on November 6, 2014, were replaced by letters of credit issued by a financial institution of first line. The disputed amounts determined between February and November 2014 were secured in court by judicial deposit and controversial values calculated from December 2014 became secured by bank guarantee. In 2014, R$ 294,976 are guaranteed by judicial deposits and R$ 78,084 secured by a bank guarantee.

18 Related parties

(a) Stockholders:

The balance related to stockholders at December 31, 2014 is as follows::

	2013	Changes		2014
		Revenue	Receipts	
Shell Brasil S,A,	131	1,090	(1,106)	115
Shell Brasil Ltda,	1,577	16,156	(16,529)	1,204
	1,708	17,246	(17,635)	1,319

The balance payable related to stockholders at December 31, 2014 is as follows:

	2013	Changes		2014
		Expenses	Payments	
Raízen Energia	1	20,159	(15,368)	4,792
Grupo Shell (CSA)	5,985	7,967	(10,132)	3,820
	5,986	28,126	(25,500)	8,612

Shell Group

Commercial Services Agreement (CSA) - the commercial personnel and services of Shell will be available so as to provide administrative support to the Company's business.

Raízen Energia

The amounts recorded in current liabilities refer to the service performed by Raizen Energia

(b) Management and directors' remuneration

The remuneration of management, which includes members of the Board of Directors and statutory directors, responsible for the planning, management and control of the Company's activities, is as follows:

	2014	2013
Salaries, including variable remuneration	23,093	20,303
Social charges	2,824	847
Benefits, healthcare and other	383	629
Pension plans	-	239
	26,300	22,018

19 Income tax and social contribution

(a) Income tax and social contribution - result

The reconciliation between the income tax and social contribution expenses at the nominal and effective rates is as follows:

	2014	2013
Profit before income tax and social contribution	856,862	880,856
Rate - %	34	34
Income tax and social contribution - nominal rate	(291,333)	(299,491)
Permanent differences		
Tax incentives	2,366	5,442
Interest on capital	49,303	38,241
Permanent additions	(6,630)	(3,165)
Other	1,033	(2,972)
Income tax and social contribution expense (current and deferred)	(245,261)	(261,945)
Effective rate - %	28.62	29.74

(b) Deferred income tax and social contribution - balances (restated)

The changes in the deferred income tax assets and liabilities during the exercise ended December 31, witho
of balances, were as follows:

	Retirement benefit obligations	Provisions	Fair value losses	Regulatory assets) (liabilities)	G
Deferred tax assets					
At December 31, 2013	88,892	60,449	39,779	118,228	
(Credited)/ charged to the statement of income	8,112	6,287	(6,804)	(35,726)	
Acturial gains/ losses	(2,293)	-	-	-	
At December 31, 2014	94,711	66,736	32,975	82,502	

	Fair value gains	Revaluation of real estate
Deferred tax liabilities		
At December 31, 2013	(38,121)	(4,581)
Included in the statement of income	4,547	693
At December 31, 2014	(33,574)	(3,888)

Net, in December 31,2014

The credit related to the post-employment benefit plan provision has an estimated period for financial realization of 25 to 30 years, and the tax credits on other temporary differences have an estimated period of three to five years.

Management assessed the effects of Law 12,973 / 2014 issued on May 13, 2014 (conversion of MP 627/2013), issued on November 11, 2013 and concluded that early adoption or not of this measure not significantly affect the Company's financial statements.

20 Provision for contingencies

	2013	Adjustments/ inputs	Usage	Reversal	2014
Labor	13,871	9,767	(145)	(1,962)	21,531
Civil	41,991	9,995	(319)	(9,835)	41,832
Tax	4,217	176	-	(4,389)	4
	60,079	19,938	(464)	(16,186)	63,367

Contingencies are presented net of their relevant judicial deposits.

Possible losses, not provided for in the balance sheet

The Company is a party to tax, civil and laborite lawsuits, presented below, for which an unfavorable outcome is regarded as possible by management, based on the opinion of its legal counsel, for which no provision has been established:

	2014	2013
Labor [(i)]	5,081	1,031
Civil [(ii)]	62,402	40,644
Tax [(iii)]	164,515	163,328
	231,998	205,003

(i) Labor claims refer to salary differences, overtime, hazard and health exposure premiums and joint liability, among other.

(ii) Civil claims arose in the normal course of the Company's activities, and involve claims for losses and damages relating to accidents in the network. There were other lawsuits of the same nature which, in the opinion of the Company's legal advisors and management, were evaluated as possible losses, and therefore no related provision was constituted.

(iii) Tax contingencies refer to tax assessments in prior years. At December 31, 2014, there are other tax lawsuits which, in the opinion of the Company's legal advisors and management, were evaluated as possible losses, and therefore no related provision was constituted.

Based on the opinion of its legal counsel, the Company's management understands that the provision constituted is sufficient to cover any unfavorable decisions in these lawsuits.

21 Equity

(a) Share capital

The Company is authorized to increase the share capital up to the limit of R$ 1,200,000 milion of real regardless of statutory reform, through the issuance of common and / or preferred shares, by resolution of the Board of Directors, which will determine, in each case, the conditions of issue.

Was approved at the Annual and Extraordinary General Meeting held on April 28, 2014 the increase the subscribed capital and paid in the amount of R$ 238,703 milion of real to R$ 764,155 milion of real, on December 31, 2013 to R$ 1,002,858 milion of real.

Currently, the capital is represented by 95,516,162 registered common shares with no par value and 26,354,823 preferred shares with no par value, and the Company's share capital at December 31, 2014 and 2013 is as follows:

	Number of share – Thousand (2014)					
	Commom shares	Percentage	Preferred shares	Percentage	Total	Percentage
Stockholders						
Cosan S,A, Indústria e Comércio	69,914	73.20	4,048	15.36	73,962	60.69
Integral Investments BV	14,212	14.88	-	-	14,212	11.66
LAPB Poland FIA	-	-	10,058	38.16	10,058	8.25
Shell Brazil Holding B V	7,594	7.95	-	-	7,594	6.23
Skopos Master Participações FIA	673	0.71	590	2.24	1,263	1.04
Other	3,123	3.26	11,659	44.24	14,782	12.13
	95,516	100	26,355	100	121,871	100

	Number of share – thousands (2013					
	Commom shares	Percentage	Preferred shares	Percentage	Total	Percentage
Stockholders						
Cosan S,A, Indústria e Comércio	68,309	72.74	3,649	14.08	71,958	60.0
Integral Investiments BV	14,212	15.13	-	-	14,212	11.8
MCAP POLAND Fundo Inv, em ações	20	0.02	10,848	41.86	10,868	9.0
Shell Brazil Holding BV	7,594	8.09	-	-	7,594	6.3
Skopos Master Fundo de Inv, em ações	1,107	1.18	961	3.71	2,068	1.7
Other	2,669	2.84	10,454	40.35	13,123	10.9
	93,911	100	25,912	100	119,823	10

(b) Retained earnings

At January 1, 2013	
Profit for the year	618,911
Interest on capital 2013 imputed to the minimum mandatory dividend	(112,474)
Transfer to legal reserve	(31,011)
Realization of revaluation reserve	1,318
Transfer to profit retention	(428,917)
Expired dividends	809
Dividends	(48,636)
At December 31, 2013	-
At January 1, 2014	
Profit for the year	611,601
Interest on capital (2014) imputed to the minimum mandatory dividend	(145,008)
Transfer to legal reserve	(30,671)
Realization of revaluation reserve	1,816
Transfer to profit retention	(419,118)
Dividends	(18,620)
At December 31, 2014	-

(c) Dividends

Under the Company's bylaws (Article 36), stockholders are entitled to a minimum mandatory dividend of 25% of the profit for the year, adjusted in accordance with Corporate Law.

The Company's bylaws (Article 46) also determine that the Board of Directors may approve credits of interest on capital, subject to approval at the Ordinary Meeting of Stockholders that approves the financial statements for the year in respect of which the interest is paid or credited, to be ascribed to mandatory dividends.

According to the Minutes of the Board of Directors of February 14, 2014, approved the allocation to dividends of R$ 48,636 retained in retained earnings at December 31, 2013 for dividends that were paid on May 16, 2014.

Dividends	
Profit for the year	611,601
Changes in retained earnings	1,816
	613,417
Legal reserve (5%)	30,671
Dividend calculation basis	582,746
Minimum dividends – 2014	145,686
Interest on capital – gross	(145,008)
Income tax on interest on capital	17,942
Interest on capital – net	(127,066)
Total dividends to be distributed in December 2014	18,620

(d) Interest on capital

In February 14, 2014, the Board of Directors approved the credit of interest on own capital, referring to the year 2013 in the amount of R $ 98,669, which was paid on May 16, 2014.

In December 11, 2014, the Board of Directors approved the payment of interest on own capital, referring to the year 2014 in the amount of R $ 145,008, which was paid on December 30, 2014.

(e) Allocation of profit for the year

The profit retention reserve refers to the remaining balance of the profit for the year based on the Management proposal, in order to meet the Company's project for business growth, in accordance with the capital budged to be approved by the Company's management and submitted to the General Meeting of Stockholders.

It's up to the next Ordinary General Meeting decide on the value of retained profits in excess of the share capital pursuant to Law 6404, Article 199, as well as any allocation of net income.

(f) Special goodwill reserve

As approved by the stockholders at the Extraordinary Meeting held in December 19, 2012, when the Board approved the Protocol of Merger and Justification referring to the merger of Provence into the Company, the tax benefit for 2014 amounted to R$ 140,690.

22 Retirement benefit obligations

The amounts related to post-employment benefit plans, which include health care, incentive pensions, sickness allowance and disability allowance, are recorded in accordance with CVM Deliberation 695.

The Company maintains with Bradesco Vida e Previdência S.A a variable-contribution complementary open pension plan, or Free Benefit Generating Plan (PGBL), structured under the financial capitalization method, approved by the Superintendency of Private Insurance (SUSEP). There were no Company's contributions for 2014, (December 31, 2013 - R$ 4,846), recognized in the statement of income within "General and administrative expenses". This is a fixed-income plan, the objective of which is to provide pension benefits in the form of lifetime monthly pensions.

The main assumptions utilized to calculate the employment benefit plans are following:

	2014	2013
Discount rate	12.78	12.36
Inflation rate	6.00	5.5
Expected return on plan assets	12.78	12.36
Future salary increases	9.18	8.66
Future pension increases	6.00	5.5
Aging factor	3	3
Overall mortality (segregated by gender)	AT-2000	AT-2000
Disabled mortality table	IAPB-1957	IAPB-1957
Entry into disability (modified)	UP-1984	UP-1984
Turnover	0.3/(time of service + 1)	0.3/(time of service + 1)

The Company, together with experts (actuaries), evaluated the benefit plan at the end of the year, with the purpose of verifying if the contribution rates are sufficient to constitute the reserves that are necessary to meet the current and future payment commitments.

The composition of the actuarial liability is demonstrated below:

	2014	2013
Actuarial obligations	284,770	274,433
Fair value of plan assets	(6,208)	(7,191)
Net actuarial liability	278,562	267,242

The changes in the actuarial liability for the exercise ended December 31, 2014 and 2013 are as follows:

	2014	2013
Net actuarial liability in January 1	267,242	291,041
Expense for the year	32,735	27,700
Employer contributions	(14,672)	(14,969)
Actuarial gain/loss recorded in other comprehensive income	(6,743)	(36,530)
Net actuarial liability	278,562	267,242

Actuarial gains and losses are recorded directly in other comprehensive income.

The expenses recognized in the statement of income for the exercise ended December 31, 2014 and 2013 were as follows:

	2014	2013
Gross current service cost (with interest)	767	824
Interest on actuarial obligation	32,856	27,512
Expected return on plan assets	(888)	(636)
Expenses	32,735	27,700

The tax effects of this provision are recorded in "Deferred income tax and social contribution" (Note 19(b)) within "Non-current".

23 Segment reporting

The Company's management analyzes the financial performance considering the gross economic result divided into business segments. ARSESP, the regulatory agency, determines tariffs for the various business segments. The Company does not analyze its assets by segment for business management purposes. Finally, the definition of cash-generation unit, representing the smallest asset in use generating cash inflows, is not subject to division in segments, within the Company's context, because the same distribution system is used to deliver gas to customers from different segments.

The composition of the margin by segment is as follows:

Segments	Residential	Commercial	Industrial	Thermail Power generation	Cogeneration	Automotive	Margin per s
Volume (thousands of m³) (unaudited)	210,666	121,665	3,667,653	938,460	299,650	220,603	
Gross revenue	804,069	322,994	5,234,784	407,735	290,106	253,729	
Deductions	(170,869)	(67,870)	(1,112,270)	-	(43,328)	(53,916)	
Net revenue	633,200	255,124	4,122,514	407,735	246,778	199,813	
Regulatory assets (liabilities)	(6,798)	(4,155)	(131,086)	-	1,745	15,799	
Cost	(170,630)	(98,635)	(2,969,537)	(372,651)	(200,329)	(178,735)	
Economic gross profit	455,772	152,334	1,021,891	35,084	48,194	36,877	
Reversal of regulatory assets (liabilities)							
Gross profit							
Operating income (expenses)							
Expenses							
Selling							
General and administrative							
Other operating (income) expenses							
Finance result							
Finance income							
Finance costs							
Profit before taxation							
Provision for income tax and social contribution							
Profit for the exercise							

Segments	Residential	Commercial	Industrial	Thermal power generation	Cogeneration	Automotive	Margin
Volume (thousands of m³) (unaudited)	224,726	119,194	3,788,277	753,764	323,057	247,937	
Gross revenue	808,563	298,467	5,095,833	296,744	302,739	249,261	
Deductions	(171,823)	(62,616)	(1,082,880)	-	(46,788)	(52,968)	
Net revenue	636,740	235,851	4,012,953	296,744	255,951	196,293	
Regulatory assets (liabilities)	(4,611)	(2,600)	(90,460)	5,778	(499)	33,219	
Cost	(175,179)	(92,620)	(2,931,540)	(270,029)	(205,034)	(189,559)	
Economic gross profit	456,950	140,631	990,953	32,493	50,418	39,953	
Reversal of regulatory assets (liabilities)							
Gross profit							
Operating income (expenses)							
Expenses							
Selling							
General and administrative							
Other operating (income) expenses							
Finance result							
Finance income							
Finance costs							
Profit before taxation							
Provision for income tax and social contribution							
Profit for the exercise							

24 Revenue

Net sales revenue for the year is comprised as follows:

	2014	2013
Gross sales and services	7,840,469	7,757,365
Taxes on sales and services	(1,453,366)	(1,420,724)
Net revenue	6,387,103	6,336,641

25 Expense by nature

The Company elected to present the statement of income for the exercise by function.

As required by CPC 26 (R1), the breakdown of expenses by nature is as follows:

	2014	2013
Cost of gas	3,580,552	3,474,985
Transportation and other	433,044	409,944
Construction - ICPC 01	481,314	671,643
Personnel expenses	196,161	186,523
Expenses for materials / services	250,499	247,328
Amortization	384,781	331,388
Expense by nature	5,326,351	5,321,811
Cost of gas	4,494,910	4,556,572
Selling expenses	116,592	121,979
General and administrative expenses	714,849	643,260
Total	5,326,351	5,321,811

26 Finance income and costs

	2014	2013
Finance costs		
Interest on borrowings and debentures	(213,243)	(191,060)
Bank commission/expenses	(25,414)	(19,895)
Interest capitalization	20,891	25,283
Interest - CVM 695 - post-employment benefits	(31,849)	(27,497)
Adjustment to market value	-	(2,348)
Other	(4,621)	(5,522)
	(254,236)	(221,039)
Monetary variations, net		
Borrowings	(50,274)	(14,852)
Monetary variation gains	8,999	1,125
Monetary variation losses	-	(6,139)
	(41,275)	(19,866)
Finance income		
Customer late payment charges	15,761	16,499
Income from financial investments	82,368	30,769
Interest	2,202	2,559
Adjustment to market value	1,353	-
Other	802	73
	102,486	49,900
	(193,025)	(191,005)

27 Earnings per share

The Company has no potential shares with dilutive effects and, therefore, there is no difference between basic and diluted earnings per share.

	2014			2013		
	Preferred shares	Common shares	Total	Preferred shares	Common shares	Total
Profit for the year	142,407	469,194	611,601	144,109	474,802	618,911
Number of shares (thousands)	26,212	94.997	121.209	25,912	93,911	119,823
Earning per share - R$	5,43	4,94	5,05	5,56	5,06	5,16

28 Insurance

The main insurance coverage against possible losses in the Company's assets, based on the nature and degree of risks, is as follows:

Risk	Coverage (Unaudited)
Operating risk	120,000
Civil liability	160,000

29 Commitments

(a) Commitments for the acquisition of assets and regulatory targets

The commitments for the acquisition of intangible assets amounting to R$ 13,257 in December 31, 2014 (December 31, 2013 - R$ 23,687) refer to expenditures already contracted but not yet incurred related to the acquisition, support and management of the gas distribution network, as well as administrative and IT expenditures for the maintenance of the Company's business.

With the postponement of the Five-Year Tariff Review 2014 as ARSESP Resolution 504 of July 07, 2014 which approved the "Technical Note No. 002/2014 RTG - Proposal for a tariff review methodology of Gas Dealers of São Paulo - Room Tariff Cycle - July 2014 ", there is no set regulatory commitment in December 31, 2014. The regulatory commitment in the amount of R $ 425 on December 31, 2013, was set in the tariff review, in May 2009, effective until May / 14.

With the postponement of the Five-Year Tariff Review 2014 as a result of the publications of Resolutions ARSESP 493 and 494, both of May 27, 2014, which approved the "Tariff Review Process of Gas distribution companies in the State of São Paulo, defining event schedule ", and the" provisional adjustment of marketing margins of São Paulo Gas Company - COMGÁS ", there is no set regulatory commitment in December 31, 2014. The regulatory commitment in the amount of R $ 425 on December 31, 2013, was set in the tariff review, in May 2009, effective until May / 2014.

(b) Lease agreement commitments

In December 31, 2014 the Company had 15 real estate lease agreements with expenses recognized during the exercise of R$ 4,639 (December 31, 2013 - R$ 5,741)

Lease terms vary from one to six years, and most of the lease agreements may be renewed at the end of the lease term at market rates.

The total minimum future lease payments, in accordance with the operating leases, are as follows:

	2014	2013
Gross lease liabilities – minimum lease payments		
Less than one year	4,080	4,799
Over 1 year and less than 5 years	6,233	9,413
	10,313	14,212

* * *

Annual accounts
As at 31 December 2015

Cosan Luxembourg S.A.

Société anonyme

Address of the registered office :
6, rue Eugène Ruppert
L-2453 Luxembourg

R.C.S. Luxembourg : B 175.646

IAS Fiduciaire S.à r.l. 54, route de Mondorf L-3260 Bettembourg

To the Shareholders of

Cosan Luxembourg S.A.
Société anonyme
6, rue Eugène Ruppert
L-2453 Luxembourg

REPORT OF THE COMMISSAIRE

In accordance with the Luxembourg legal and statutory requirements, we have the pleasure in presenting you with the results of our mandate as Commissaire which you have entrusted us for the year ended 31 December 2015.

We have carried out our work in accordance with the provisions of Article 62 of the amended law of 10 August 1915 on commercial companies which does not require the Commissaire to give an opinion on the annual accounts and, therefore, this report does not constitute an audit carried out under International Standards on Auditing. These annual accounts are the responsibility of the Board of Directors. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguard of assets of the Company. We have examined the attached Balance Sheet as at 31 December 2015 and the related Profit and Loss Account for the year then ended, to the extent which we deemed necessary, to the Company`s accounting records and documents made available to us. We have checked the assets and liabilities by methods that we considered appropriate.

We confirm that the annual accounts of Cosan Luxembourg S.A. as at 31 December 2015, which show a Balance Sheet total of USD 937.232.386,10 and a loss for the period from 1 January 2015 to 31 December 2015 of USD 93.201.537,19 are in agreement with the Company`s accounting records and related documents which were provided to us.

Luxembourg, 22 December 2016

IAS Fiduciaire S.àr.l.
Commissaire

Cosan Luxembourg S.A.

Société anonyme

Balance sheet as at 31 December 2015

Expressed in USD

	Notes	2015 USD	2014 USD
ASSETS			
D. Current assets		**929,964,126.37**	**939,176,840.87**
II. Debtors	**3**	923,134,297.98	926,373,685.21
2. Amounts owed by affiliated undertakings	**3.1**	920,936,837.78	924,481,163.84
a) becoming due and payable within one year		494,242,784.26	497,787,110.32
b) becoming due and payable after more than one year		426,694,053.52	426,694,053.52
4. Other receivables	**3.2**	2,197,460.20	1,892,521.37
a) becoming due and payable within one year		2,162,427.94	1,857,489.11
b) becoming due and payable after more than one year		35,032.26	35,032.26
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand		6,829,828.39	12,803,155.66
E. Prepayments		**7,268,259.73**	**8,916,154.59**
TOTAL ASSETS		**937,232,386.10**	**948,092,995.46**
LIABILITIES			
A. Capital and reserves	**4**	**(184,651,110.07)**	**(91,449,572.88)**
I. Subscribed capital		50,001.00	50,001.00
II. Share premium and similar premiums		2,949,999.00	2,949,999.00
V. Profit or loss brought forward		(94,449,572.88)	(46,456,995.75)
VI. Profit or loss for the financial year		(93,201,537.19)	(47,992,577.13)
C. Provisions	**5**	**12,204.12**	**37,681.83**
2. Provisions for taxation		12,204.12	8,652.44
3. Other provisions		-	29,029.39
D. Non subordinated debts	**6**	**1,119,301,952.61**	**1,036,724,199.13**
1. Debenture loans	**6.1**	1,116,621,698.32	1,034,242,995.82
b) Non convertible loans		1,116,621,698.32	1,034,242,995.82
i) becoming due and payable within one year		14,678,754.22	16,312,390.72
ii) becoming due and payable after more than one year		1,101,942,944.10	1,017,930,605.10
2. Amounts owed to credit institutions	**6.2**	20.04	16.86
a) becoming due and payable within one year		20.04	16.86
4. Trade creditors	**6.3**	20,147.23	102,531.24
a) becoming due and payable within one year		20,147.23	102,531.24
8. Tax and social security debts	**6.4**	2,100,423.11	1,818,991.30
a) Tax debts		2,100,423.11	1,818,991.30
9. Other creditors	**6.5**	559,663.91	559,663.91
a) becoming due and payable within one year		559,663.91	559,663.91
E. Deferred income		**2,569,339.44**	**2,780,687.38**
TOTAL LIABILITIES		**937,232,386.10**	**948,092,995.46**

François-Xavier Goossens

The accompanying notes form an integral part of these annual accounts.

Cosan Luxembourg S.A.

Société anonyme

Profit and loss account for the year ended 31 December 2015

Expressed in USD

	Notes	2015 USD	2014 USD
A. C H A R G E S			
2. Other external charges	7	1,754,164.85	12,386,820.68
8. Interest and other financial charges	8	**167,841,887.01**	**117,031,961.97**
b) other interest and similar financial charges		167,841,887.01	117,031,961.97
9. Extraordinary charges		951,405.82	-
10. Income tax		3,494.73	4,374.27
11. Other taxes not included in the previous caption		261,919.72	287,017.38
TOTAL CHARGES		**170,812,872.13**	**129,710,174.30**
B. I N C O M E			
8. Other interest and other financial income	9	**77,585,340.80**	**81,717,597.17**
a) derived from affiliated undertakings		30,440,705.70	39,760,434.58
b) other interest and similar financial income		47,144,635.10	41,957,162.59
9. Extraordinary income		25,994.14	-
10. Loss for the financial year		93,201,537.19	47,992,577.13
TOTAL INCOME		**170,812,872.13**	**129,710,174.30**

François-Xavier Goossens

The accompanying notes form an integral part of these annual accounts.

Cosan Luxembourg S.A.
Société anonyme
Notes to the annual accounts
As at 31 December 2015

NOTE 1 - GENERAL INFORMATION

Cosan Luxembourg S.A. (hereafter the 'Company') was incorporated on 28 February 2013 and organised under the laws of Luxembourg as a société anonyme for an unlimited period. The registered office of the Company is established in 6, rue Eugène Ruppert, L-2453 Luxembourg.The registered office was previously established in 13-15,Avenue de la Liberté L- 1931 Luxembourg.

The Company's object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management of those participations. The Company may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. Further, it may invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form. It may issue notes, bonds and any kind of debt and equity securities. It may lend funds, including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies. It may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company may not carry out any regulated financial sector activities without having obtained the requisite authorisation.

The Company may use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

The Company's financial year starts on 1 January and ends on 31 December of each year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The books and records are maintained in USD and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following :

2.2.1 Currency translation

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and long-term assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are valued individually at the lower, respectively the higher of their value at the historical exchange rate or their value determined at the exchange rates prevailing at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. Realised exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account and the net unrealised exchange gains are not recognised.

2.2.2 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

2.2 Significant accounting policies (Cont.)

2.2.3 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of balance sheet, are either likely to be incurred or certain to be incurred but uncertain as their amount or the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Provisions for taxation". The advance payments are shown in the assets of the balance sheet under the "Other receivable" item.

2.2.4 Debts

Subordinated and Non subordinated debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

2.2.5 Prepayments

Asset items include expenditures incurred during the financial year but related to a subsequent financial year. Liability items include income received during the financial year but related to a subsequent financial year.

NOTE 3 - DEBTORS

3.1 Amounts owed by affiliated undertakings	**2015 USD**	**2014 USD**
becoming due and payable within one year		
Cosan Indústria e Comércio Loans	471,272,000.00	471,272,000.00
Interest on Cosan Indústria e Comércio Loans	20,104,599.38	23,669,276.70
Cosan Lubrificantes e Especialidades Loans	2,116,479.72	2,116,479.72
Interest on Cosan Lubrificantes e Especialidades Loans	375,791.30	355,440.04
Cosan S.A. Industria e Comercio	1,748.38	1,748.38
Cosan US C/A	372,165.48	372,165.48
becoming due and payable after more than one year		
Cosan Indústria e Comércio Loans	247,494,053.52	247,494,053.52
Cosan Lubrificantes e Especialidades Loans	175,000,000.00	175,000,000.00
Cosan Overseas Loan	4,200,000.00	4,200,000.00
	920,936,837.78	**924,481,163.84**

NOTE 3 - DEBTORS

3.1 Amounts owed by affiliated undertakings

Loans granted to	Maturity Date	Interest rate	Margin	Nominal value at the beginning of the year	Additions for the year	Additional costs on Loans for the year	Repayments made during the year	Accrued interest for the year	Nominal value at the end of the year
				USD	USD	USD	USD	USD	USD
Cosan Indústria e Comércio Loan 1	On demand	1.00%	-	141,695,816.00	-	-	(1,432,341.10)	1,432,341.12	141,695,816.02
Cosan Indústria e Comércio Loan 3	15/07/2014	9.50%	-	177,875,347.18	-	-	(6,210,069.45)	6,210,069.49	177,875,347.22
Cosan Indústria e Comércio Loan 2*	09/09/2017	1.50%	-	34,115,818.90	-	-	(356,119.71)	313,789.14	34,073,488.33
Cosan Indústria e Comércio Loan 4	31/12/2015	USD Libor	4.75%	52,703,585.42	-	-	(2,703,585.42)	2,726,752.78	52,726,752.78
Cosan Indústria e Comércio Loan 5	31/12/2014	USD Libor	4.85%	58,029,707.85	-	-	(3,029,707.85)	1,744,740.56	56,744,740.56
Cosan Indústria e Comércio Loan 6	31/12/2016	USD Libor	4.85%	84,406,847.78	-	-	(4,406,847.78)	4,443,915.56	84,443,915.56
Cosan Indústria e Comércio Loan 7	31/12/2014	USD Libor	4.85%	105,508,559.72	-	-	(5,508,559.72)	3,172,255.56	103,172,255.56
Cosan Indústria e Comércio Loan 8	31/12/2015	USD Libor	4.85%	84,406,847.78	-	-	(4,406,847.78)	4,443,915.56	84,443,915.56
Cosan Indústria e Comércio Loan 9	31/10/2016	USD Libor	4.85%	3,692,799.59	-	-	(192,799.59)	194,421.31	3,694,421.31
Cosan Overseas**	31/03/2016	-	-	4,200,000.00	-	-	-	-	4,200,000.00
Cosan Lubrificantes e Especialidades Loan 1	16/12/2018	USD Libor	2.80%	165,209,195.74	-	-	(5,158,994.51)	5,177,893.85	165,228,095.08
Cosan Lubrificantes e Especialidades Loan 2	10/12/2018	USD Libor	2.00%	10,017,719.33	-	-	(312,194.89)	313,646.81	10,019,171.25
Cosan Lubrificantes e Especialidades Loan 3	16/09/2013	USD Libor	1.00%	2,245,004.69	-	-	-	-	2,245,004.69
Cosan Limited Loan 1	23/10/2015		0.40%	-	850,000.00		(850,462.78)	462.78	-
Cosan Limited Loan 2	29/10/2015		0.40%		250,000.00		(250,105.56)	105.56	-
Cosan Limited Loan 3	23/10/2015		0.40%		14,300,000.00		(14,303,813.33)	3,813.33	-
Cosan Limited Loan 4	23/10/2015		0.40%		5,200,000.00		(5,201,097.78)	1,097.78	-
Cosan US	N/A	-	-	372,165.48	-	-	-	-	372,165.48
Cosan SA Indústria e Comércio	N/A	-	-	1,748.38	-	-	-	-	1,748.38
At the end of the year				**924,481,163.84**	**20,600,000.00**	-	**(54,323,547.25)**	**30,179,221.19**	**920,936,837.78**

* USD/BRL exchange rate as at 31 December 2015: 3.9601
** Interest free loan

NOTE 3 - DEBTORS (Cont.)

3.2 Other receivables

	2015 USD	2014 USD
becoming due and payable within one year		
Corporate Income Tax 2013	4,192.90	4,192.90
Corporate Income Tax 2014	4,374.27	4,374.27
Corporate Income Tax 2015	3,743.50	-
VAT advance payment	264.92	264.92
VAT Receivable Intracom	1,360.86	1,360.86
VAT Receivable Extracom	2,099,062.25	1,817,630.44
becoming due and payable after more than one year		
Luxembourg Vat recoverable	84,461.50	64,697.98
	2,197,460.20	**1,892,521.37**

NOTE 4 - CAPITAL

4.1 Subscribed capital

The subscribed capital amounts to USD 50,001.00 and is divided into 500,010 shares fully paid up to USD 50,001.00 with a nominal value of USD 0.10 each.

4.2 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

4.3 Movements for the year

Movements in shareholders' equity during the financial year are as follows:

	Subscribed capital	Share premium and similar premiums	Profit or loss brought forward	Loss for the financial year	Total
	USD	USD	USD	USD	USD
At the beginning of the year	50,001.00	2,949,999.00	(46,456,995.75)	(47,992,577.13)	(91,449,572.88)
Movements for the year					
Allocation of prior year's result	-	-	(47,992,577.13)	47,992,577.13	-
Result of the year	-	-	-	(93,201,537.19)	(93,201,537.19)
At the end of the year	**50,001.00**	**2,949,999.00**	**(94,449,572.88)**	**(93,201,537.19)**	**(184,651,110.07)**

NOTE 5 - PROVISIONS

5.1 Provisions for taxation

	2015 USD	2014 USD
Corporate Income Tax 2013	4,192.90	4,192.90
Corporate Income Tax 2014	4,374.27	4,374.27
Corporate Income Tax 2015	3,494.73	-
Net Wealth Tax 2014	85.27	85.27
Net Wealth Tax 2015	56.95	-
	12,204.12	**8,652.44**

NOTE 6 - NON SUBORDINATED DEBTS

Amounts due and payable for the amounts shown under "Non subordinated debts" are as follows:

	Within one year	After one year and within five years	After more than five years	Total 2015	Total 2014
	USD	USD	USD	USD	USD
Non-convertible debenture loans	14,678,754.22	1,101,942,944.10	-	1,116,621,698.32	1,034,242,995.82
Amounts owed to credit institutions	20.04	-	-	20.04	16.86
Trade creditors	20,147.23	-	-	20,147.23	102,531.24
Tax and social security debts	2,100,423.11	-	-	2,100,423.11	-
Other creditors	559,663.91	-	-	559,663.91	2,378,655.21
Total	**17,359,008.51**	**1,101,942,944.10**	-	**1,119,301,952.61**	**1,036,724,199.13**

NOTE 6 - NON SUBORDINATED DEBTS

6.1 Debenture loans

a) Non convertible loans

The Company has issued several non convertible debenture loans with the following specifications:

	2015 USD	2014 USD
becoming due and payable within one year	*14,678,754.22*	*16,312,390.72*
Interest on Debenture loans	14,678,754.22	16,312,390.72
becoming due and payable after more than one year	*1,101,942,944.10*	*1,017,930,605.10*
Debenture loans	931,496,195.10	931,496,195.10
SWAP accruals	170,446,749.00	86,434,410.00
	1,116,621,698.32	**1,034,242,995.82**

Loans granted by	Interest rate	Nominal value at the beginning of the year	Additions for the year	Repayments made during the year	Accrued interest for the year	Nominal value at the end of the year
		USD	USD	USD	USD	USD
Debenture loan interest USD 500M	5.00%	507,361,111.11	-	(25,000,000.00)	25,000,000.00	507,361,111.11
Debenture loan interest BRL 500M*	9.50%	260,341,471.24	-	(15,254,845.25)	14,293,882.59	259,380,508.58
Debenture loan interest BRL 350M*	9.50%	180,106,003.47	-	(10,678,391.67)	10,005,717.83	179,433,329.63
At the end of the year		**947,808,585.82**	**-**	**(50,933,236.92)**	**49,299,600.42**	**946,174,949.32**

* USD/BRL exchange rate as at 31 December 2015: 3.9601

NOTE 6 - NON SUBORDINATED DEBTS (Cont.)

6.2 Amounts owed to credit institutions

As at 31 December 2015, the main amounts owed to credit institutions are as follows:

Credit institution	amount USD	interest %	due dates
ING Luxembourg S.A.	20.04	n/a	n/a
Total	**20.04**		

6.3 Trade creditors

	2015 USD	2014 USD
becoming due and payable within one year		
Administration fees	-	30,336.46
Audit fees	3,508.54	3,490.54
Legal fees	4,837.83	46,528.72
Consent fees	-	21,932.70
Other fees	-	242.82
Accruals - Tax fees	1,817.58	-
Accruals - Administration fees	7,261.53	-
Accruals - Audit fees	2,721.75	-
	20,147.23	**102,531.24**

6.4 Tax and social security debts

	2015 USD	2014 USD
VAT Payable Intracom	1,360.86	1,360.86
VAT Payable Extracom	2,099,062.25	1,817,630.44
	2,100,423.11	**1,818,991.30**

6.5 Other creditors

	2015 USD	2014 USD
becoming due and payable within one year		
Other debenture Loan interest	558,663.91	558,663.91
Shareholder advances	1,000.00	1,000.00
	559,663.91	**559,663.91**

NOTE 7 - OTHER EXTERNAL CHARGES

Other external charges are presented as follows:	2015 USD	2014 USD
Bank fees	3,498.69	23,237.82
Consent fees	1,625,000.00	11,927,186.43
Legal fees	3,995.38	247,751.78
Audit fees	5,462.25	2,219.63
Management and Administration fees	83,763.17	185,701.24
Subscription Chamber of Commerce	-	475.58
Tax fees	1,817.58	-
Other fees	30,627.78	248.20
	1,754,164.85	**12,386,820.68**

NOTE 8 - OTHER INTEREST AND OTHER FINANCIAL CHARGES

	2015 USD	2014 USD
Debenture loan interest USD 500M	25,000,000.00	25,000,000.01
Debenture loan interest BRL 500M	14,293,882.59	20,218,347.86
Debenture loan interest BRL 350M	10,005,717.83	14,152,843.49
Adjustments disposal & comissions Bonds USD 500M	823,447.92	823,447.92
Adjustments disposal & comissions Bonds BRL 500M	269,049.91	381,193.10
SWAP Expenses	116,195,856.00	56,456,129.44
Exchange losses	54,684.13	0.15
	166,642,638.38	**117,031,961.97**

NOTE 9 - OTHER INTEREST AND OTHER FINANCIAL INCOME	2015 USD	2014 USD
a) derived from affiliated undertakings		
Cosan Indústria e Comércio Loan 1 - interests	1,647,192.26	1,647,192.12
Cosan Indústria e Comércio Loan 2 - interests	360,422.51	511,567.22
Cosan Indústria e Comércio Loan 3 - interests	6,210,069.49	11,926,736.13
Cosan Indústria e Comércio Loan 4 - interests	1,744,740.56	2,703,585.41
Cosan Indústria e Comércio Loan 5 - interests	3,172,255.56	3,029,707.85
Cosan Indústria e Comércio Loan 6 - interests	4,443,915.56	4,406,847.79
Cosan Indústria e Comércio Loan 7 - interests	2,726,752.78	5,508,559.73
Cosan Indústria e Comércio Loan 8 - interests	4,443,915.56	4,426,486.58
Cosan Indústria e Comércio Loan 9 - interests	194,421.31	173,160.80
Cosan Lubrificantes e Especialidades Loan 1 - interests	5,177,893.85	5,077,865.63
Cosan Lubrificantes e Especialidades Loan 2 - interests	313,646.81	307,671.74
Cosan Lubrificantes e Especialidades Loan 3 - interests	-	41,053.58
Cosan Lubrificantes e Especialidades Loan 4 - interests	-	-
Cosan Ltd Loan - interests	5,479.45	-
b) other interest and similar financial income		
Interests on deposit account	22,631.41	60,585.20
Interests on current account	7,409.73	5,758.27
Adjustments disposal & commissions Bonds BRL 350M	607,356.73	743,654.68
Exchange gains	3,516,394.61	1,282,786.51
Income on SWAP	42,990,842.62	39,864,377.93
	77,585,340.80	**81,717,597.17**

NOTE 10 - OFF BALANCE SHEET COMMITMENTS

The Company has hedged its exposure to the Brazilian Real exchange variation in connection with the Brazilian Real notes, through currency SWAP's, as well as its exposure to variable interest rates on a loan receivable, indexed at Libor through an interest rate SWAP. All contracts have been with a third party bank.

NOTE 11 - SUBSEQUENT EVENTS

No events occured since 31 December 2015, that could have a significant impact on the annual accounts.

Annual accounts
As at 31 December 2014

Cosan Luxembourg S.A.

Société anonyme

Address of the registered office :
6, rue Eugène Ruppert
L-2453 Luxembourg

R.C.S. Luxembourg : B 175.646

ias fiduciaire
INDEPENDENT ADMINISTRATIVE & ADVISORY SERVICE

IAS Fiduciaire S.à r.l. 54, route de Mondorf L-3260 Bettembourg

To the Shareholders of

Cosan Luxembourg S.A.
Société anonyme
6, rue Eugène Ruppert
L-2453 Luxembourg

REPORT OF THE COMMISSAIRE

In accordance with the Luxembourg legal and statutory requirements, we have the pleasure in presenting you with the results of our mandate as Commissaire which you have entrusted us for the year ended 31 December 2014.

We have carried out our work in accordance with the provisions of Article 62 of the amended law of 10 August 1915 on commercial companies which does not require the Commissaire to give an opinion on the annual accounts and, therefore, this report does not constitute an audit carried out under International Standards on Auditing. These annual accounts are the responsibility of the Board of Directors. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguard of assets of the Company. We have examined the attached Balance Sheet as at 31 December 2014 and the related Profit and Loss Account for the year then ended, to the extent which we deemed necessary, to the Company's accounting records and documents made available to us. We have checked the assets and liabilities by methods that we considered appropriate.

We confirm that the annual accounts of Cosan Luxembourg S.A. as at 31 December 2014, which show a Balance Sheet total of USD 948.092.995,46 and a loss for the period from 1 January 2014 to 31 December 2014 of USD 47.992.577,13 are in agreement with the Company's accounting records and related documents which were provided to us.

Luxembourg, 2 May 2016

IAS Fiduciaire S.àr.l.
Commissaire

Cosan Luxembourg
Société anonyme 0

Balance sheet as at 31 December 2014

Expressed in USD

	Notes	2014 USD	2013 USD
ASSETS			
D. Current assets		**939,176,840.87**	**950,230,190.34**
II. Debtors	**3**	926,373,685.21	934,158,825.43
2. Amounts owed by affiliated undertakings	**3.1**	924,481,163.84	934,119,335.35
a) becoming due and payable within one year		497,787,110.32	503,689,101.27
b) becoming due and payable after more than one year		426,694,053.52	430,430,234.08
4. Other receivables	**3.2**	1,892,521.37	39,490.08
a) becoming due and payable within one year		1,857,489.11	4,457.82
b) becoming due and payable after more than one year		35,032.26	35,032.26
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand		12,803,155.66	16,071,364.91
E. Prepayments		**8,916,154.59**	**10,120,795.61**
TOTAL ASSETS		**948,092,995.46**	**960,350,985.95**
LIABILITIES			
A. Capital and reserves	**4**	**(91,449,572.88)**	**(43,456,995.75)**
I. Subscribed capital		50,001.00	50,001.00
II. Share premium and similar premiums		2,949,999.00	2,949,999.00
V. Profit or loss brought forward		(46,456,995.75)	-
VI. Profit or loss for the financial period/year		(47,992,577.13)	(46,456,995.75)
C. Provisions	**5**	**37,681.83**	**8,157.81**
2. Provisions for taxation		8,652.44	4,192.90
3. Other provisions		29,029.39	3,964.91
D. Non subordinated debts	**6**	**1,036,724,199.13**	**1,000,275,481.83**
1. Debenture loans	**6.1**	1,034,242,995.82	999,616,814.17
b) Non convertible loans		1,034,242,995.82	999,616,814.17
i) becoming due and payable within one year		16,312,390.72	18,015,716.07
ii) becoming due and payable after more than one year		1,017,930,605.10	981,601,098.10
2. Amounts owed to credit institutions	**6.2**	16.86	-
a) becoming due and payable within one year		16.86	-
4. Trade creditors	**6.3**	102,531.24	99,003.75
a) becoming due and payable within one year		102,531.24	99,003.75
9. Other creditors	**6.4**	2,378,655.21	559,663.91
a) becoming due and payable within one year		2,378,655.21	559,663.91
E. Deferred income		**2,780,687.38**	**3,524,342.06**
TOTAL LIABILITIES		**948,092,995.46**	**960,350,985.95**

The accompanying notes form an integral part of these annual accounts.

Cosan Luxembourg

Société anonyme 0

Profit and loss account for the year ended 31 December 2014

Expressed in USD

	Notes	2014 USD	2013 USD
A. C H A R G E S			
2. Other external charges	**7**	12,386,820.68	391,653.76
8. Interest and other financial charges	**8**	**117,031,961.97**	**105,455,335.03**
b) other interest and similar financial charges		117,031,961.97	105,455,335.03
10. Income tax		4,374.27	4,192.90
11. Other taxes not included in the previous caption		287,017.38	248,888.51
TOTAL CHARGES		**129,710,174.30**	**106,100,070.20**
B. I N C O M E			
5. Other operating income		**-**	**35,032.26**
6. Income from financial fixed assets		**-**	**27,098,095.44**
a) derived from affiliated undertakings		-	27,098,095.44
8. Other interest and other financial income	**9**	**81,717,597.17**	**25,217,665.64**
a) derived from affiliated undertakings		39,760,434.58	7,052,825.67
b) other interest and similar financial income		41,957,162.59	18,164,839.97
9. Extraordinary income		-	7,292,281.11
10. Loss for the financial period		47,992,577.13	46,456,995.75
TOTAL INCOME		**129,710,174.30**	**106,100,070.20**

The accompanying notes form an integral part of these annual accounts.

Cosan Luxembourg S.A.
Société anonyme
Notes to the annual accounts
As at 31 December 2014

NOTE 1 - GENERAL INFORMATION

Cosan Luxembourg S.A. (hereafter the 'Company') was incorporated on 28 February 2013 and organised under the laws of Luxembourg as a société anonyme for an unlimited period. The registered office of the Company is established in 6, rue Eugène Ruppert, L-2453 Luxembourg.The registered office was previously established in 13-15,Avenue de la Liberté L- 1931 Luxembourg.

The Company's object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management of those participations. The Company may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. Further, it may invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form. It may issue notes, bonds and any kind of debt and equity securities. It may lend funds, including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies. It may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company may not carry out any regulated financial sector activities without having obtained the requisite authorisation.

The Company may use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

The Company's financial year starts on 1 January and ends on 31 December of each year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The books and records are maintained in USD and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following :

2.2.1 Currency translation

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and long-term assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are valued individually at the lower, respectively the higher of their value at the historical exchange rate or their value determined at the exchange rates prevailing at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. Realised exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account and the net unrealised exchange gains are not recognised.

2.2.2 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

2.2 Significant accounting policies (Cont.)

2.2.3 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of balance sheet, are either likely to be incurred or certain to be incurred but uncertain as their amount or the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Provisions for taxation". The advance payments are shown in the assets of the balance sheet under the "Other debtors" item.

2.2.4 Debts

Subordinated and Non subordinated debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

2.2.5 Prepayments

Asset items include expenditures incurred during the financial year but related to a subsequent financial year. Liability items include income received during the financial year but related to a subsequent financial year.

NOTE 3 - DEBTORS

3.1 Amounts owed by affiliated undertakings	**2014 USD**	**2013 USD**
becoming due and payable within one year		
Cosan Indústria e Comércio Loans	471,272,000.00	471,272,000.00
Interest on Cosan Indústria e Comércio Loans	23,669,276.70	29,608,695.63
Cosan Lubrificantes e Especialidades Loans	2,116,479.72	2,116,479.72
Interest on Cosan Lubrificantes e Especialidades Loans	355,440.04	319,760.44
Cosan S.A. Industria e Comercio	1,748.38	-
Cosan US C/A	372,165.48	372,165.48
becoming due and payable after more than one year		
Cosan Indústria e Comércio Loans	247,494,053.52	247,494,053.52
Cosan Lubrificantes e Especialidades Loans	175,000,000.00	175,000,000.00
Cosan Overseas Loan	4,200,000.00	4,200,000.00
Costs on Cosan Indústria e Comércio Loans	-	3,736,180.56
	924,481,163.84	**934,119,335.35**

NOTE 3 - DEBTORS

3.1 Amounts owed by affiliated undertakings

Loans granted to	Maturity Date	Interest rate	Margin	Nominal value at the beginning of the year	Additions for the year	Additional costs on Loans for the year	Repayments made during the year	Accrued interest for the year	Nominal value at the end of the year
				USD	USD		USD	USD	USD
Cosan Indústria e Comércio Loan 1	On demand	1.00%	-	141,633,028.46	-	-	(1,369,553.54)	1,432,341.08	141,695,816.00
Cosan Indústria e Comércio Loan 3	15/07/2014	9.50%	-	182,804,513.83	-	-	(16,855,902.78)	11,926,736.13	177,875,347.18
Cosan Indústria e Comércio Loan 2*	09/09/2017	1.50%	-	34,108,980.54	-	-	(433,892.19)	440,730.55	34,115,818.90
Cosan Indústria e Comércio Loan 4	31/12/2015	USD Libor	4.75%	53,373,162.09	-	-	(3,373,162.08)	2,703,585.41	52,703,585.42
Cosan Indústria e Comércio Loan 5	31/12/2014	USD Libor	4.85%	58,657,738.62	-	-	(3,657,738.62)	3,029,707.85	58,029,707.85
Cosan Indústria e Comércio Loan 6	31/12/2016	USD Libor	4.85%	85,470,444.48	-	-	(5,470,444.49)	4,406,847.79	84,406,847.78
Cosan Indústria e Comércio Loan 7	31/12/2014	USD Libor	4.85%	106,845,021.94	-	-	(6,845,021.95)	5,508,559.73	105,508,559.72
Cosan Indústria e Comércio Loan 8	31/12/2015	USD Libor	4.85%	85,478,220.44	-	-	(5,478,220.44)	4,406,847.78	84,406,847.78
Cosan Indústria e Comércio Loan 9	31/10/2016	USD Libor	4.85%	3,739,819.31	-	-	(239,819.32)	192,799.60	3,692,799.59
Cosan Overseas**	31/03/2016	-	-	4,200,000.00	-	-	-	-	4,200,000.00
Cosan Lubrificantes e Especialidades Loan 1	16/12/2018	USD Libor	2.80%	165,209,195.94	-	-	(5,077,865.83)	5,077,865.63	165,209,195.74
Cosan Lubrificantes e Especialidades Loan 2	10/12/2018	USD Libor	2.00%	10,017,738.29	-	-	(307,690.70)	307,671.74	10,017,719.33
Cosan Lubrificantes e Especialidades Loan 3	16/09/2013	USD Libor	1.00%	2,209,305.93	-	-	-	35,698.76	2,245,004.69
Cosan US	N/A	-	-	372,165.48	-	-	-	-	372,165.48
Cosan SA Indústria e Comércio	N/A	-	-	-	1,748.38	-	-	-	1,748.38
At the end of the year				**934,119,335.35**	**1,748.38**	**-**	**(49,109,311.94)**	**39,469,392.05**	**924,481,163.84**

* USD/BRL exchange rate as at 31 December 2014: 2.6562
** Interest free loan

NOTE 3 - DEBTORS (Cont.)

3.2 Other receivables	2014 USD	2013 USD
becoming due and payable within one year		
Corporate Income Tax 2013	4,192.90	4,192.90
Corporate Income Tax 2014	4,374.27	-
VAT advance payment	264.92	264.92
VAT Receivable Intracom	1,360.86	-
VAT Receivable Extracom	1,817,630.44	-
becoming due and payable after more than one year		
Luxembourg Vat recoverable	64,697.98	35,032.26
	1,892,521.37	**39,490.08**

NOTE 4 - CAPITAL

4.1 Subscribed capital

The subscribed capital amounts to USD 50,001.00 and is divided into 500,010 shares fully paid up to USD 50,001.00 with a nominal value of USD 0.10 each.

4.2 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

4.3 Movements for the period

Movements in shareholders' equity during the financial year are as follows:

	Subscribed capital	Share premium and similar premiums	Profit or loss brought forward	Loss for the financial period/ year	Total
	USD	USD	USD	USD	USD
At the beginning of the year	50,001.00	2,949,999.00	-	(46,456,995.75)	(43,456,995.75)
Movements for the year					
Allocation of prior year's result		-	(46,456,995.75)	46,456,995.75	-
Result of the year		-	-	(47,992,577.13)	(47,992,577.13)
At the end of the year	**50,001.00**	**2,949,999.00**	**(46,456,995.75)**	**(47,992,577.13)**	**(91,449,572.88)**

NOTE 5 - PROVISIONS

5.1 Provisions for taxation	2014 USD	2013 USD
Corporate Income Tax 2013	4,192.90	4,192.90
Corporate Income Tax 2014	4,374.27	-
Net Wealth Tax 2014	85.27	-
	8,652.44	**4,192.90**

5.2 Other provisions

During this financial year an amount of USD 3,035.25 (EUR 2,500.00) was registered as audit fees and an amount of USD 25,951.85 (EUR 21,375.37) was registered as administration fees.

NOTE 6 - NON SUBORDINATED DEBTS

Amounts due and payable for the amounts shown under "Non subordinated debts" are as follows:

	Within one year	After one year and within five years	After more than five years	Total	Total
				2014	2013
	EUR	EUR	EUR	EUR	EUR
Non-convertible debenture loans	16,312,390.72	563,385,605.10	454,545,000.00	1,034,242,995.82	999,616,814.17
Amounts owed to credit institutions	16.86	-	-	16.86	-
Trade creditors	102,531.24	-	-	102,531.24	99,003.75
Other creditors	2,378,655.21	-	-	2,378,655.21	559,663.91
Total	**18,793,594.03**	**563,385,605.10**	**454,545,000.00**	**1,036,724,199.13**	**1,000,275,481.83**

NOTE 6 - NON SUBORDINATED DEBTS

6.1 Debenture loans

a) Non convertible loans

The Company has issued several non convertible debenture loans with the following specifications:

	2014 USD	2013 USD
becoming due and payable within one year	*16,312,390.72*	*18,015,716.07*
Interest on Debenture loans	16,312,390.72	18,015,716.07
becoming due and payable after more than one year	*1,017,930,605.10*	*981,601,098.10*
Debenture loans	931,496,195.10	931,496,195.10
SWAP accruals	86,434,410.00	50,104,903.00
	1,034,242,995.82	**999,616,814.17**

Loans granted by	Interest rate	Nominal value at the beginning of the year	Additions for the year	Repayments made during the year	Accrued interest for the year	Nominal value at the end of the year
		USD	USD	USD	USD	USD
Debenture loan interest USD 500M	5.00%	507,361,111.10	-	(25,000,000.00)	25,000,000.01	507,361,111.11
Debenture loan interest BRL 500M*	9.50%	261,343,613.85	-	(20,464,744.77)	19,462,602.16	260,341,471.24
Debenture loan interest BRL 350M*	9.50%	180,807,186.22	-	(14,324,936.69)	13,623,753.94	180,106,003.47
A the end of the year		**949,511,911.17**	**-**	**(59,789,681.46)**	**58,086,356.11**	**947,808,585.82**

* USD/BRL exchange rate as at 31 December 2014: 2.6562

NOTE 6 - NON SUBORDINATED DEBTS (Cont.)

6.2 Amounts owed to credit institutions

As at 31 December 2014, the main amounts owed to credit institutions are as follows:

Credit institution	amount USD	interest %	due dates
ING Luxembourg S.A.	16.86	n/a	n/a
Total	**16.86**		

6.3 Trade creditors

	2014 USD	2013 USD
becoming due and payable within one year		
Administration fees	30,336.46	79,142.70
Notary fees	-	1,872.77
Audit fees	3,490.54	-
Legal fees	46,528.72	17,452.46
Consent fees	21,932.70	-
Other fees	242.82	535.82
	102,531.24	**99,003.75**

6.4 Other creditors

	2014 USD	2013 USD
becoming due and payable within one year		
Other debenture Loan interest	558,663.91	558,663.91
VAT Payable Intracom	1,360.86	-
VAT Payable Extracom	1,817,630.44	-
Shareholder advances	1,000.00	1,000.00
	2,378,655.21	**559,663.91**

NOTE 7 - OTHER EXTERNAL CHARGES

Other external charges are presented as follows:	2014 USD	2013 USD
Bank fees	23,237.82	7,613.59
Commission fees	-	14,475.86
Consent fees	11,927,186.43	
National Corporate Research fees	-	1,400.00
Legal fees	247,751.78	218,275.90
Notary fees	-	16,921.57
Audit fees	2,219.63	3,964.91
Management and Administration fees	185,701.24	128,540.24
Subscription Chamber of Commerce	475.58	461.69
Other fees	248.20	-
	12,386,820.68	**391,653.76**

NOTE 8 - OTHER INTEREST AND OTHER FINANCIAL CHARGES

	2014 USD	2013 USD
Debenture loan interest USD 500M	25,000,000.01	19,861,111.10
Debenture loan interest BRL 500M	20,218,347.86	17,055,333.48
Debenture loan interest BRL 350M	14,152,843.49	11,938,416.35
Adjustments disposal & comissions Bonds USD 500M	823,447.92	634,677.76
Adjustments disposal & comissions Bonds BRL 500M	381,193.10	297,606.74
SWAP Expenses	56,456,129.44	53,436,517.00
Exchange losses	0.15	2,231,672.60
	117,031,961.97	**105,455,335.03**

NOTE 9 - OTHER INTEREST AND OTHER FINANCIAL INCOME	2014 USD	2013 USD
a) derived from affiliated undertakings	*39,760,434.58*	*7,052,825.67*
Cosan Indústria e Comércio Loan 1 - interests	1,647,192.12	1,259,086.70
Cosan Indústria e Comércio Loan 2 - interests	511,567.22	417,283.86
Cosan Indústria e Comércio Loan 3 - interests	11,926,736.13	1,939,583.33
Cosan Indústria e Comércio Loan 4 - interests	2,703,585.41	379,137.51
Cosan Indústria e Comércio Loan 5 - interests	3,029,707.85	423,179.17
Cosan Indústria e Comércio Loan 6 - interests	4,406,847.79	609,041.06
Cosan Indústria e Comércio Loan 7 - interests	5,508,559.73	760,095.00
Cosan Indústria e Comércio Loan 8 - interests	4,426,486.58	608,309.33
Cosan Indústria e Comércio Loan 9 - interests	173,160.80	26,607.40
Cosan Lubrificantes e Especialidades Loan 1 - interests	5,077,865.63	587,177.94
Cosan Lubrificantes e Especialidades Loan 2 - interests	307,671.74	35,567.29
Cosan Lubrificantes e Especialidades Loan 3 - interests	41,053.58	4,723.97
Cosan Lubrificantes e Especialidades Loan 4 - interests	-	1,783.11
Cosan Ltd Loan - interests	-	1,250.00
b) other interest and similar financial income	*41,957,162.59*	*18,164,839.97*
Interests on deposit account	60,585.20	5,963.25
Interests on current account	5,758.27	48,653.84
Adjustments disposal & commissions Bonds BRL 350M	743,654.68	454,862.13
Exchange gains	1,282,786.51	1,099,189.48
Income on SWAP	39,864,377.93	16,556,171.27
	81,717,597.17	**25,217,665.64**

NOTE 10 - OFF BALANCE SHEET COMMITMENTS

The Company has hedged its exposure to the Brazilian Real exchange variation in connection with the Brazilian Real notes, through currency SWAP's, as well as its exposure to variable interest rates on a loan receivable, indexed at Libor through an interest rate SWAP. All contracts have been with a third party bank.

NOTE 11 - SUBSEQUENT EVENTS

No events occured since 31 December 2014, that could have a significant impact on the annual accounts.

Cosan S.A. Indústria e Comércio

Interim financial statements at
September 30, 2016
(A free translation of the original in Portuguese)

Cosan S.A. Indústria e Comércio

Interim Financial statements

For the three and nine months period ended September 30, 2016

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Review report on the interim financial statements – ITR

To the Board of Directors and Shareholders of
Cosan S.A. Indústria e Comércio
São Paulo – SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Cosan S.A. Indústria e Comércio ("The Company"), included in the Quarterly Information Form - ITR for the quarter ended September 30, 2016, which comprises the statement of financial position as of September 30, 2016 and the respective statements of profit or loss, comprehensive income (loss) for the three-month and nine-month periods then ended, and the respective statements of changes in equity and cash flows for the nine-month period then ended, including the notes.

Management is responsible for the preparation of the individual interim financial information in accordance with Technical Pronouncement CPC 21(R1) - Interim Financial Reporting and consolidated interim financial information in accordance with Technical Pronouncement CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Review scope

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

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM.

Conclusion on the consolidated interim financial information

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

Other matters

Statement of value added

We have also reviewed the statements of value added (DVA), for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's management, whose presentation on the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission – CVM applicable to the preparation of Quarterly Information - ITR, and considered as supplementary information by IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and based on our review, nothing has come to our attention that causes us to believe that it is not prepared, in all material respects, in accordance with the interim financial information taken as a whole.

São Paulo, November 9, 2016

KPMG Auditores Independentes

CRC 2SP014428/O-6

Original report in Portuguese signed by

Rogério Hernandez Garcia

Contador CRC 1SP213431/O-5

Cosan S.A. Indústria e Comércio

Statement of financial position
in september 30, 2016 and december 31, 2015
(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		September 30, 2016	December 31, 2015 (Restated)	September 30, 2016	December 31, 2015 (Restated)
Assets					
Cash and cash equivalents	6	144,389	731,049	2,981,145	3,129,530
Marketable securities		-	-	-	97,222
Trade receivables	7	-	-	774,147	759,710
Derivative financial instruments	25	-	61,215	21,278	100,532
Inventories	8	-	-	396,908	431,117
Receivables related parties	10	56,362	53,758	47,661	86,600
Income tax receivable		58,964	23,779	113,907	95,016
Other current tax receivable	9	3,754	37,041	104,221	135,947
Dividends and interest on capital receivable		4,981	11,116	4,981	11,321
Assets held for sale	13	1,298,428	-	3,067,056	111,638
Other financial assets		72,554	-	72,554	144,208
Other current assets		27,819	33,466	65,977	62,982
Total current assets		**1,667,251**	**951,424**	**7,649,835**	**5,165,823**
Trade receivables	7	-	-	39,770	39,597
Deferred income tax and social contribution	19	-	-	327,810	335,808
Receivables from related parties	10	185,040	209,738	203,876	221,344
Other recoverable taxes	9	-	-	44,426	42,578
Judicial deposits	20	267,033	252,513	408,124	413,067
Derivative financial instruments	25	631,464	1,292,514	1,199,451	2,192,327
Other non-current assets		808,605	837,284	1,056,165	1,057,889
Investments in associates	11	10,151,530	11,262,812	157,931	140,136
Investments in joint ventures	12	2,737,515	2,821,205	8,501,602	8,237,188
Investment property	13	-	-	-	2,595,035
Property, plant and equipment	14	22,670	26,652	393,488	401,800
Intangible assets	15	7,202	6,267	9,323,827	9,447,269
Total non-current		**14,811,059**	**16,708,985**	**21,656,470**	**25,124,038**
Total Assets		**16,478,310**	**17,660,409**	**29,306,305**	**30,289,861**

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

Cosan S.A. Indústria e Comércio

Statement of financial position
in september 30, 2016 and december 31, 2015
(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		September 30, 2016	December 31, 2015 (Restated)	September 30, 2016	December 31, 2015 (Restated)
Liabilities					
Loans, borrowings and debentures	16	328,881	406,348	1,246,859	1,230,518
Derivative financial instruments	25	53,511	-	83,591	291
Trade payables	17	708	1,151	1,386,895	1,544,822
Employee benefits payable		15,079	17,536	95,249	106,407
Income tax payables		269	14,237	118,520	47,720
Other taxes payable	18	10,710	21,025	145,763	120,241
Dividends and interest on capital payable		20,591	23,422	21,202	41,656
Payables to related parties	10	186,238	427,752	126,260	114,559
Liabilities held for sale	13	80,172	-	235,392	-
Other financial liabilities		-	-	22,304	-
Other current liabilities		19,560	30,618	99,207	138,839
Total current liabilities		**715,719**	**942,089**	**3,581,242**	**3,345,053**
Loans, borrowings and debentures	16	-	-	7,768,618	8,525,185
Preferred shareholders payable in subsidiaries		2,023,989	2,042,878	2,023,988	2,042,878
Derivative financial instruments	25	161,262	137,006	526,516	740,427
Other taxes payable	18	20,376	25,230	20,376	25,230
Provision for legal proceedings	20	295,159	266,540	759,797	703,347
Payables to related parties	10	3,925,978	4,710,651	-	-
Post-employment benefits	26	144	126	357,966	344,334
Deferred tax liabilities	19	51,485	465,788	1,141,097	1,415,135
Other non-current liabilities		335,002	316,243	670,287	705,926
Total non-current liabilities		**6,813,395**	**7,964,462**	**13,268,645**	**14,502,462**
Total liabilities		**7,529,114**	**8,906,551**	**16,849,887**	**17,847,515**
Shareholders' equity	21				
Share capital		3,822,725	3,822,725	3,822,725	3,822,725
Treasury shares		(47,664)	(58,694)	(47,664)	(58,694)
Capital reserve		951,736	955,326	951,736	955,326
Other equity		(287,912)	(184,691)	(287,912)	(184,691)
Profit reserve		3,652,506	4,219,192	3,652,506	4,219,192
Acumulated profit		857,805	-	857,805	-
Equity attributable to:					
Owners of the Company		8,949,196	8,753,858	8,949,196	8,753,858
Non-controlling interests	11	-	-	3,507,222	3,688,488
Total shareholders' equity		**8,949,196**	**8,753,858**	**12,456,418**	**12,442,346**
Total shareholders' equity and liabilities		**16,478,310**	**17,660,409**	**29,306,305**	**30,289,861**

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

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income
For the three and nine months period ended September 30, 2016 and 2015
(In thousands of Brazilian Reais – R$, except earnings per share)

		Parent Company			
	Note	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015 (restated)	January 1, 2015 to September 30, 2015 (restated)
General and administrative expenses		(31,448)	(99,675)	(30,075)	(91,225)
Other expense, net	23	(15,604)	(69,977)	(12,588)	(126,613)
Operating expenses		**(47,052)**	**(169,652)**	**(42,663)**	**(217,838)**
Income before equity in earning and financial results		**(47,052)**	**(169,652)**	**(42,663)**	**(217,838)**
Equity in earning of associates	11	357,859	1,432,112	339,260	703,853
Equity in earnings of joint ventures	12	(21,498)	(83,690)	(27,229)	(92,217)
Equity in earning of investees		**336,361**	**1,348,422**	**312,031**	**611,636**
Finance expense		(133,306)	(541,561)	(114,404)	(350,152)
Finance income		64,525	185,102	58,608	117,656
Foreign exchange (losses) gain, net		(47,777)	853,877	(1,130,449)	(1,706,861)
Derivatives		143,879	(1,162,295)	757,549	1,209,992
Financial results	24	**27,321**	**(664,877)**	**(428,696)**	**(729,365)**
Profit (loss) before taxes		**316,630**	**513,893**	**(159,328)**	**(335,567)**
Income tax (expenses) benefits	19				
Current		-	(15,008)	-	-
Deferred		4,299	334,132	136,506	283,082
		4,299	**319,124**	**136,506**	**283,082**
Profit (loss) from continuing operations		**320,929**	**833,017**	**(22,822)**	**(52,485)**
Profit from discontinued operation, net of tax	13	**6,583**	**24,788**	**5,629**	**20,109**
Net profit (loss) for the period		**327,512**	**857,805**	**(17,193)**	**(32,376)**

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income
For the three and nine months period ended September 30, 2016 and 2015
(In thousands of Brazilian Reais – R$, except earnings per share)

Other comprehensive income					
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences		1,464	63,987	(38,674)	(65,361)
(Loss) gain on cash flow hedge in joint ventures and subsidiary		(37,823)	(173,170)	(96,944)	(40,789)
Gain in mensuration financial instrument derivative		-	6,000	-	-
Changes in fair value of available for available for sale securities		309	(38)	515	1,198
		(36,050)	**(103,221)**	**(135,103)**	**(104,952)**
Total other comprehensive income (loss), net of tax		**(36,050)**	**(103,221)**	**(135,103)**	**(104,952)**
Total comprehensive income		**291,462**	**754,584**	**(152,296)**	**(137,328)**
Basic earnings per share from:					
Continuing operations	22	R$0.79009	R$2.05190	(R$0.05623)	(R$0.12932)
Discontinuing operations	22	R$0.01621	R$0.06106	R$0.01387	R$0.04955
		R$0.80630	**R$2.11296**	**(R$0.04236)**	**(R$0.07977)**
Diluted earnings per share from:					
Continuing operations	22	R$0.77338	R$2.00855	(R$0.05610)	(R$0.12906)
Discontinuing operations	22	R$0.01589	R$0.05994	R$0.01384	R$0.04945
		R$0.78927	**R$2.06850**	**(R$0.04227)**	**(R$0.07961)**

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

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income
For the three and nine months period ended September 30, 2016 and 2015
(In thousands of Brazilian Reais – R$, except earnings per share)

	Note	Consolidated			
		July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015 (restated)**	**January 1, 2015 to September 30, 2015 (restated)**
Net sales		1,842,759	5,765,284	2,227,352	6,236,358
Cost of sales		(1,104,735)	(3,413,123)	(1,608,628)	(4,457,060)
Gross profit		**738,024**	**2,352,161**	**618,724**	**1,779,298**
Selling expenses		(262,735)	(756,647)	(231,060)	(671,420)
General and administrative expenses		(141,080)	(417,730)	(135,763)	(405,044)
Other expense, net	23	(21,665)	(80,186)	(12,436)	(133,994)
Operating expenses		**(425,480)**	**(1,254,563)**	**(379,259)**	**(1,210,458)**
Income before equity in earning and financial results		**312,544**	**1,097,598**	**239,465**	**568,840**
Equity in earning of associates	11	6,277	(5,515)	419	(2,740)
Equity in earnings of joint ventures	12	404,245	1,098,183	24,917	252,015
Equity in earning of investees		**410,522**	**1,092,668**	**25,336**	**249,275**
Finance expense		(590,371)	(1,427,691)	(269,904)	(828,668)
Finance income		186,353	621,960	137,374	271,117
Foreign exchange losses, net		(52,518)	1,018,309	(180,793)	(641,767)
Derivatives		153,034	(1,223,214)	105,999	442,846
Financial results	24	**(303,502)**	**(1,010,636)**	**(207,324)**	**(756,472)**
Profit (loss) before taxes		**419,564**	**1,179,630**	**57,477**	**61,643**
Income tax (expenses) benefits	19				
Current		(1,349)	(143,083)	(8,513)	(112,356)
Deferred		(23,728)	67,256	(6,034)	152,725
		(25,077)	**(75,827)**	**(14,547)**	**40,369**
Profit (loss) from continuing operations		**394,487**	**1,103,803**	**42,930**	**102,012**
Profit from discontinued operation, net of tax	**13**	**18,312**	**58,860**	**12,856**	**57,561**
Net profit for the period		**412,799**	**1,162,663**	**55,786**	**159,573**

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income
For the three and nine months period ended September 30, 2016 and 2015
(In thousands of Brazilian Reais – R$, except earnings per share)

Other comprehensive income					
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences		1,464	63,987	(38,674)	(65,361)
Loss on cash flow hedge in joint ventures and subsidiary		(37,823)	(173,170)	(97,338)	(40,459)
Gain in mensuration financial instrument derivative		-	6,000	-	-
Changes in fair value of available for available for sale securities		1,952	746	4,132	7,561
Taxes on items that may be reclassified to profit or loss		(695)	(354)	(504)	(2,901)
		(35,102)	**(102,791)**	**(132,384)**	**(101,160)**
Total other comprehensive income (loss), net of tax		**(35,102)**	**(102,791)**	**(132,384)**	**(101,160)**
Total comprehensive income		**377,697**	**1,059,872**	**(76,598)**	**58,413**
Total net income attributable to:					
Owners of the parent		327,512	857,805	(17,193)	(32,376)
Non-controlling interests		85,287	304,858	72,979	191,949
		412,799	**1,162,663**	**55,786**	**159,573**
Total comprehensive income attributable to:					
Owners of the Company		291,462	754,584	(152,296)	(137,328)
Non-controlling interests		86,235	305,288	75,698	195,741
		377,697	**1,059,872**	**(76,598)**	**58,413**
Basic earnings per share from:					
Continuing operations	22	R$0.79009	R$2.05190	(R$0.05623)	(R$0.12932)
Discontinuing operations	22	R$0.01621	R$0.06106	R$0.01387	R$0.04955
		R$0.80630	**R$2.11296**	**(R$0.04236)**	**(R$0.07977)**
Diluted earnings per share from:					
Continuing operations	22	R$0.77338	R$2.00855	(R$0.05610)	(R$0.12906)
Discontinuing operations	22	R$0.01589	R$0.05994	R$0.01384	R$0.04945
		R$0.78927	**R$2.06850**	**(R$0.04227)**	**(R$0.07961)**

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity
For the nine months period ended September 30, 2016 and 2015
(In thousands of Brazilian Reais - R$)

					Profit reserve				
	Common stock	**Tresuary share**	**Other capital reserve**	**Others equity components**	**Legal**	**Statutary reserve**	**Unrealized earning**	**Retained rearning**	**accumula earning**
At january 01, 2016	**3,822,725**	**(58,694)**	**955,326**	**(184,691)**	**284,960**	**2,731,745**	**171,021**	**1,123,796**	
Initial adoption effect in joint ventures (note 2.2)	-	-	-	-	-	-	-	(92,330)	-
At january 01, 2016 (Restated)	**3,822,725**	**(58,694)**	**955,326**	**(184,691)**	**284,960**	**2,731,745**	**171,021**	**1,031,466**	
Net profit for the year	-	-	-	-	-	-	-	-	857,8
Other comprehensive income:									
Loss on cash flow hedge in joint ventures and subsidiary	-	-	-	(173,170)	-	-	-	-	
Foreign currency translation differences	-	-	-	63,987	-	-	-	-	
Gain in mensuration financial instrument derivative	-	-	-	6,000	-	-	-	-	
Changes in fair value of available for available for sale securities	-	-	-	(38)	-	-	-	-	
Total comprehensive income for the year	**-**	**-**	**-**	**(103,221)**	**-**	**-**	**-**	**-**	**857,8**
Effect of distribution of dividends to non-controlling	-	-	(11,344)	-	-	-	-	-	
Stock Option exercised	-	11,030	4,345	-	-	-	-	-	
Dividends	-	-	-	-	-	(566,686)	-	-	
Share based compensation - Subisiadiaries	-	-	6,378	-	-	-	-	-	
Total contributions by and distributions to owners of the Parent	**-**	**11,030**	**(621)**	**-**	**-**	**(566,686)**	**-**	**-**	
Transactions with shareholders									
Shareholding change in subsidiary	-	-	(2,969)	-	-	-	-	-	
Total transactions with shareholders	**-**	**-**	**(2,969)**	**-**	**-**	**-**	**-**	**-**	
At september 30, 2016	**3,822,725**	**(47,664)**	**951,736**	**(287,912)**	**284,960**	**2,165,059**	**171,021**	**1,031,466**	**857,8**

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity
For the nine months period ended September 30, 2016 and 2015
(In thousands of Brazilian Reais - R$)

					Profit reserve				
	Common stock	Tresuary share	Other capital reserve	Others equity components	Legal	Statutary reserve	Unrealized earning	Retained rearning	accu ea
At january 1, 2015	**3,632,231**	**(58,694)**	**950,694**	**175,298**	**251,631**	**2,481,391**	**217,574**	**1,168,151**	
Initial adoption effect in joint ventures (note 2.2)	-	-	-	-	-	-	-	(11,929)	
At january 1, 2015 (Restated)	**3,632,231**	**(58,694)**	**950,694**	**175,298**	**251,631**	**2,481,391**	**217,574**	**1,156,222**	
Net profit for the year	-	-	-	-	-	-	-	-	
Other comprehensive income:									
Loss on cash flow hedge in joint ventures and subsidiary	-	-	-	(40,789)	-	-	-	-	
Foreign currency translation differences	-	-	-	(65,361)	-	-	-	-	
Changes in fair value of available for available for sale securities	-	-	-	1,198	-	-	-	-	
Total comprehensive income for the year	**-**	**-**	**-**	**(104,952)**	**-**	**-**	**-**	**-**	
Contributions and distributions for shareholders									
Increase captal	190,494	-	-	-	-	(190,494)	-	-	
Effect of distribution of dividends to non-controlling	-	-	(3,144)	-	-	-	-	-	
Dividends	-	-	-	-	-	(34,093)	(46,553)	(194,355)	
Share based compensation - Subisiadiaries	-	-	8,228	-	-	-	-	-	
Total contributions by and distributions to owners of the Parent	**190,494**	**-**	**5,084**	**-**	**-**	**(224,587)**	**(46,553)**	**(194,355)**	
Transactions with shareholders									
Acquisition cost of the preferred shares of subsidiaries	-	-	(493)	-	-	-	-	-	
Total transactions with shareholders	-	-	(493)	-	-	-	-	-	
At September 30, 2015	**3,822,725**	**(58,694)**	**955,285**	**70,346**	**251,631**	**2,256,804**	**171,021**	**961,867**	

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

Cosan S.A. Indústria e Comércio

Statements of cash flows
For the nine months period ended September 30, 2016 and 2015
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Note	Parent Company		Consolidated	
		January 1, 2016 to September 30, 2016	**January 1, 2015 to September 30, 2015 (restated)**	**January 1, 2016 to September 30, 2016**	**January 1, 2015 to September 30, 2015 (restated)**
Cash flows from operating activities					
Profit (loss) before taxes		513,893	(335,567)	1,179,630	61,643
Profit before taxes discontinued operation	13	24,788	20,109	72,020	67,890
Adjustments for:					
Depreciation and amortization		3,790	2,987	452,645	420,778
Equity in earnings of associates	11	(1,456,900)	(723,962)	5,515	2,740
Equity in earnings of jointly controlled entity	12	83,690	92,217	(1,098,183)	(252,015)
Gain on disposals assets		-	-	5,856	2,762
Option shares granted		6,378	8,228	6,377	8,228
Change in fair value of investment property		-	-	(9,692)	(23,162)
Provision for judicial demands		53,234	29,747	61,250	32,301
Indexation charges, interest and exchange variation, net		697,183	750,748	1,208,116	897,302
Other		7,296	4,607	48,178	60,036
		(66,648)	**(150,886)**	**1,931,712**	**1,278,503**
Changes in:					
Trade receivables		-	-	(46,569)	(13,705)
Inventories		-	-	21,292	(32,571)
Recoverable taxes		(9,877)	-	109,093	(30,382)
Related parties, net		(222,183)	(174,281)	3,045	(36,733)
Trade payables		384	(1,638)	(165,261)	505,529
Employee benefits		(8,781)	(11,626)	(51,897)	(43,641)
Provision for judicial demands		(145)	(2,359)	(814)	(7,165)
Income tax and other tax		(8,190)	(11,646)	(14,157)	(32,839)
Judicial deposits		579	(730)	(673)	(138)
Post-employment benefits		-	-	(20,744)	(1,975)
Other assets and liabilities, net		19,369	17,226	(147,034)	(132,129)
		(228,844)	(185,054)	(313,719)	174,251
Net cash (used in) generated by operating activities		**(295,492)**	**(335,940)**	**1,617,993**	**1,452,754**
Cash flows from investing activities					
Acquisitions net of cash acquired		(215,099)	(43,691)	(17,238)	(34,644)
Acquisition of non-controlling interests		(54,122)	-	(54,122)	-
Dividends received from investees		1,013,076	196,339	4,333	1,150
Dividends received from jointly controlled entity		58,778	34,425	658,392	206,425
Other financial assets		(186,052)	-	(186,052)	-
Acquisition of property, plant and equipment	14 15	(788)	(2,038)	(331,706)	(452,685)
Related parties		11,338	(3,372)	11,338	8,281
Cash received on sale of fixed assets, and intangible assets		-	-	-	3,211
Net cash generated by (used in) investing activities		**627,131**	**181,663**	**84,945**	**(268,262)**

Cosan S.A. Indústria e Comércio

Statements of cash flows
For the nine months period ended September 30, 2016 and 2015
(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Cash flows from financing activities					
Loans, borrowings and debentures raised		-	-	2,723,697	515,039
Payment of principal on loans, borrowings and debentures		-	-	(2,649,942)	(763,536)
Payment of principal and interest on loans, borrowings and debentures		(8,859)	(3,975)	(421,970)	(451,423)
Capital integralization		-	-	40,000	-
Related parties		-	(12,642)	-	(3,807)
Non-controlling interest subscription		28,764	1,937	28,764	-
Derivative financial intruments		(385,871)	105,597	(294,606)	190,847
Dividends paid		(569,517)	(272,331)	(1,243,155)	(404,230)
Proceeds from exercise of share options		17,185	-	17,185	1,944
Net cash used by financing activities		**(918,299)**	**(181,414)**	**(1,800,028)**	**(915,166)**
(Decrease) increase in cash and cash equivalents		**(586,660)**	**(335,691)**	**(97,090)**	**269,326**
Cash and cash equivalents at beginning of year		731,049	376,004	3,129,530	1,540,192
Effect of exchange rate fluctuations on cash held		-	-	(41,362)	55,482
Cash and cash equivalents at end of year	6	**144,389**	**40,313**	**2,991,078**	**1,865,000**
Additional information					
Income tax paid		-	-	54,624	48,845

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

	Parent Company		Consolidated	
	January 1, 2016 to September 30, 2016	**January 1, 2015 to September 30, 2015 (restated)**	**January 1, 2016 to September 30, 2016**	**January 1, 2015 to September 30, 2015 (restated)**
Revenue				
Sales of products and services net of returns	-	-	7,356,204	7,849,461
Other operating revenue	4,137	6,727	24,928	49,512
Allowance for doubtful accounts	-	-	(12,686)	(14,839)
	4,137	**6,727**	**7,368,446**	**7,884,134**
Raw materials acquired from third parties				
Cost of services rendered	-	-	(3,994,980)	(5,209,126)
Materials, energy, third party services, others	(127,373)	(168,664)	(459,282)	(481,071)
	(127,373)	**(168,664)**	**(4,454,262)**	**(5,690,197)**
Gross value added	**(123,236)**	**(161,937)**	**2,914,184**	**2,193,937**
	-	-	-	-
Retention				
Depreciation and amortization	(3,790)	(2,987)	(449,108)	(420,778)
	(3,790)	**(2,987)**	**(449,108)**	**(420,778)**
Net value added	**(127,026)**	**(164,924)**	**2,465,076**	**1,773,159**
Value added transferred in				
Equity pick-up in investees	1,432,112	703,853	(5,515)	(2,740)
Equity pick-up in jointly controlled entity	(83,690)	(92,217)	1,098,183	252,015
Financial income	1,038,978	1,327,648	1,116,335	721,849
Profit from discontinued operations	24,788	20,109	58,860	57,561
	2,412,188	**1,959,393**	**2,267,863**	**1,028,685**
Value added to be distributed	**2,285,162**	**1,794,469**	**4,732,939**	**2,801,844**
Distribution of value added				
Personnel	33,832	41,962	276,425	270,989
Taxes and contributions	(313,119)	(274,939)	1,147,637	821,737
Financial expenses	1,706,644	2,059,822	2,146,213	1,491,984
Non-controlling interests	-	-	270,787	191,949
Dividends	575,000	-	575,000	-
Net profit from discontinued operations	258,017	(52,485)	258,017	(32,376)
Net profit from continued operations	24,788	20,109	58,860	57,561
	2,285,162	**1,794,469**	**4,732,939**	**2,801,844**

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

1 Operations

Cosan S.A. Indústria e Comércio composed of its subsidiaries and jointly controlled entities ("Company" or "Cosan") is a publicly traded company with its shares traded on the Novo Mercado da Bolsa de Valores de São Paulo ("BM&FBOVESPA") under the ticker symbol CSAN3, and has its headquarters in the city of São Paulo, Brazil. Cosan Limited is the controlling shareholder of Cosan, in which it holds 62.41%.

The primary activities in which Cosan S.A. operates, include the following business segments: (i) Piped natural gas distribution to part of the State of São Paulo through its subsidiary Companhia de Gás de São Paulo – COMGÁS ("COMGÁS"); which is consolidated since November 2012, (ii) Purchase, sale and leasing of agricultural land through its subsidiary, Radar Propriedades Agrícolas S.A. ("Radar"); (iii) Production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian market using the Comma brand and corporate activities; and (iv) other investments, in addition to the corporate structures of Company ("Cosan's other business").

The Company also holds interests in two jointly controlled entities ("Joint Ventures" or "JVs"): (i) Raízen Combustíveis S.A. ("Raízen Combustíveis"), fuel distribution business, and (ii) Raízen Energia S.A. ("Raízen Energia"), production and marketing of sugar, ethanol and energy cogeneration, produced from sugar cane bagasse.

On September 30, 2016 the Company disclosed a material fact stating that it has entered into a Share Purchase Agreement with Mansilla Participações Ltda. (vehicle company of the investment found - Teachers Insurance and Annuity Association of America), also a shareholder of the companies Radar and Radar II, committing to sell part of its shares of Radar and Radar II, see note 13.

2 Basis of preparation

2.1 Statement of compliance

The consolidated interim financial statements were prepared and are presented in accordance with technical pronouncement CPC 21 - Interim Statements (CPC 21) for the Parent Company in accordance with technical pronouncement CPC 21, in accordance with the international standards IAS 34 - Interim Financial Reporting issued By the International Accounting Standards Board (IASB) for the Consolidated, and also based on the provisions contained in the Brazilian Corporate Law, and presented in a manner consistent with the standards issued by the Securities and Exchange Commission, applicable to the preparation of Quarterly Information (ITR).

These financial statements have been prepared following the basis of preparation and accounting policies consistent with those adopted in preparing the financial statements for the year ended on December 31, 2015 and should be read together, except for the initial adoption of new accounting standards and interpretations that have been given effect from January 1, 2016 disclosed in Note 2.2. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

The information notes that did not change significantly compared with the December 31, 2015 have not been fully presented in these financial statements.

All relevant information of interim financial statements set, just them, are being highlighted, and these correspond to those used by management in its management.

These interim financial statements were authorized for issue by the Board of Directors on November 09, 2016.

2.2 New standards, interpretations and amendments adopted by the Company - restated

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements or the interim consolidated financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

- **Amendments to CPC 27 e CPC 29 Bearer Plants**

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of CPC 29 - biological assets. Instead, CPC 27 – Property, plant and equipment. After initial recognition, bearer plants will be measured under CPC 27, at accumulated cost t (before maturity) and using either the cost model. The amendments also require that produce that grows on bearer plants will remain in the scope of CPC 29 measured at fair value less costs to sell. For government grants related to bearer plants CPC 07 – Accounting for Government Grants and Disclosure of Government Assistance will apply. These changes substantially impact the controlled Raizen Energia together and have no effect for companies that have no bearing plants.

- **Discontinued operation**

According to the note 13 , due to the partial sale of the shares of RADAR segment and required by CPC 31 – Non current assets held for sale and discontinued operations, the Company is changing the presentation of its statement of profit and loss and other comprehensive income for the nine-month period ended September 30, 2015.

The impact of both restatements for the year ended December 31, 2015, as follow:

Statements of financial position

	Parent company		
	December 31, 2015 (Published	**CPC 27 effect**	**December 31, 2015 (Restated)**
Assets			
Current assets	951,424	-	951,424
Investments in associates	11,355,142	(92,330)	11,262,812
Other non-current assets	5,446,173	-	5,446,173
Total assets	**17,752,739**	**(92,330)**	**17,660,409**
Liabilities			
Current liabilities	942,089	-	942,089
Non-current liabilities	7,964,462	-	7,964,462
Total liabilities	**8,906,551**	**-**	**8,906,551**
Shareholders' equity			
Share capital	3,822,725	-	3,822,725
Treasury shares	(58,694)	-	(58,694)
Additional paid in capital	955,326	-	955,326
Other comprehensive loss	(184,691)	-	(184,691)
Profit reserve	4,311,522	(92,330)	4,219,192
Equity attributable to owners of the parent			
Non-controlling interests	**8,846,188**	**(92,330)**	**8,753,858**
	-	**-**	**-**
Total shareholders' equity	**8,846,188**	**(92,330)**	**8,753,858**
Total shareholders' equity and liabilities	**17,752,739**	**(92,330)**	**17,660,409**

	Consolidated		
	December 31, 2015 (Published	**CPC 27 effect**	**December 31, 2015 (Restated)**
Assets			
Current assets	5,165,823	-	5,165,823
Investments in joint ventures	8,329,518	(92,330)	8,237,188
Other non-current assets	16,886,850	-	16,886,850
Total assets	**30,382,191**	**(92,330)**	**30,289,861**
Liabilities			
Current liabilities	3,345,053	-	3,345,053
Non-current liabilities	14,502,462	-	14,502,462
Total liabilities	**17,847,515**	**-**	**17,847,515**
Shareholders' equity			
Share capital	3,822,725	-	3,822,725
Treasury shares	(58,694)	-	(58,694)
Additional paid in capital	955,326	-	955,326
Other comprehensive loss	(184,691)	-	(184,691)
Profit reserve	4,311,522	(92,330)	4,219,192
Equity attributable to owners of the parent	**8,846,188**	**(92,330)**	**8,753,858**
Non-controlling interests	**3,688,488**	**-**	**3,688,488**
Total shareholders' equity	**12,534,676**	**(92,330)**	**12,442,346**
Total shareholders' equity and liabilities	**30,382,191**	**(92,330)**	**30,289,861**

Statements of profit or loss

	Parent Company					
	July 1, 2015 to September 30, 2015 (as issued)	**CPC 27 effect**	**Discontinued operation**	**July 1, 2015 to September 30, 2015 (restated)**	**January 1, 2015 to September 30, 2015 (as issued)**	**CPC 27 effect**
Income before equity in earnings of investees and financial results	**(42,663)**	**-**	**-**	**(42,663)**	**(217,838)**	**-**
Equity in earnings of associates	348,739	(3,850)	(5,629)	339,260	748,759	(24,797)
Equity in earnings of joint ventures	(27,229)	-	-	(27,229)	(92,217)	-
Equity in earning of investees	**321,510**	**(3,850)**	**(5,629)**	**312,031**	**656,542**	**(24,797)**
Financial results	(428,696)	-	-	(428,696)	(729,365)	-
Loss before taxes	**(149,849)**	**(3,850)**	**(5,629)**	**(159,328)**	**(290,661)**	**(24,797)**
Income tax expense	136,506	-	-	136,506	283,082	-
Loss from continuing operations	**(13,343)**	**(3,850)**	**(5,629)**	**(22,822)**	**(7,579)**	**(24,797)**

	Consolidated					
	July 1, 2015 to September 30, 2015 (as issued)	**CPC 27 effect**	**Discontinued operation**	**July 1, 2015 to September 30, 2015 (restated)**	**January 1, 2015 to September 30, 2015 (as issued)**	**CPC 27 effect**
Gross profit	639,897	-	(21,173)	618,724	1,841,735	-
Operating expense Gross profit	(387,266)	-	8,007	(379,259)	(1,211,876)	-
Income before equity in earnings of investees and financial results	**252,631**	**-**	**(13,166)**	**239,465**	**629,859**	**-**
Equity in earnings of associates	419	-	-	419	(2,740)	-
Equity in earnings of joint ventures	28,767	(3,850)	-	24,917	276,812	(24,797)
Equity in earning of investees	**29,186**	**(3,850)**	**-**	**25,336**	**274,072**	**(24,797)**
Financial results	(204,126)	-	(3,198)	(207,324)	(749,602)	-
Loss before taxes	**77,691**	**(3,850)**	**(16,364)**	**57,477**	**154,329**	**(24,797)**
Income tax expense	(18,055)	-	3,508	(14,547)	30,041	-
Loss from continuing operations	**59,636**	**(3,850)**	**(12,856)**	**42,930**	**184,370**	**(24,797)**

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

3.1 Basis of consolidation

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

	Direct and indirect interest	
	September 30, 2016	**December 31, 2015**
Subsidiaries		
Águas da Ponte Alta S.A.	65.00%	65.00%
Bioinvestments Negócios e Participações S.A.	65.00%	65.00%
Comma Oil Chemicals	100.00%	100.00%
Companhia de Gás de São Paulo - COMGÁS (ii)	62.65%	61.33%
Cosan Biomassa S.A. (iii)	100.00%	100.00%
Cosan Cayman II Limited	100.00%	100.00%
Cosan Global Limited	100.00%	100.00%
Cosan Investimentos e Participações S.A.	100.00%	100.00%
Cosan Lubes Investments Limited	100.00%	100.00%
Cosan Lubrificantes e Especialidades S.A.	100.00%	100.00%
Cosan Luxembourg S.A.	100.00%	100.00%
Cosan Overseas Limited	100.00%	100.00%
Cosan Paraguay S.A.	100.00%	100.00%
Cosan US, Inc.	100.00%	100.00%
Ilha Terminal Distribuição de Produto Químicos	100.00%	100.00%
Nova Agrícola Ponte Alta S.A. (i)	29.50%	29.50%
Nova Amaralina S.A. Propriedades Agrícolas (i)	29.50%	29.50%
Nova Santa Barbara Agrícola S.A. (i)	29.50%	29.50%
Pasadena Empreendimentos e Participações S.A.	100.00%	100.00%
Proud Participações S.A.	65.00%	65.00%
Radar II Propriedades Agrícolas S.A. (i)	65.00%	65.00%
Radar Propriedades Agrícolas S.A. (i)	29.50%	29.50%
Terras da Ponte Alta S.A. (i)	29.50%	29.50%
Vale da Ponte Alta S.A.	65.00%	65.00%
Zip Lube S.A.	100.00%	100.00%

i. On September 30, the Company reclassified this investment as non current asset held for sale due to the partial sale of the shares of RADAR for Mansilla Participações Ltda. (Vehicle company of the investment fund TIAA - Teachers Insurance and Annuity Association of America), see note 13.

ii. From September 30, 2016, the Company increase its share to 62.65% in Comgás due to purchase 1,171,000 common shares pre-owned by non-controlling shareholders

iii. The Company recognized, in line with obligations to non-controlling shareholder, commitment (put option), to repuchase shares of non-controlling shareholders as determined in a shareholders' agreement.

4 New standards and interpretations not yet adopted

- IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement.

  IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company has yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

  IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

- IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 - Construction Contracts and IFRIC 13 - Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

  The Company is currently assessing the potential impacts of adopting IFRS 15.

- IFRS 16 - Leases was issued on January 13, 2016. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. For lessees, the lease becomes an on-balance sheet liability that attracts interest, together with a new asset on the other side of the balance sheet. In other words, lessees will appear to become more asset-rich but also more heavily indebted. The new standard takes effect in January 2019.

There are no other IFRS or IFRIC interpretations that are not yet effective and that are expected to have a significant impact on the Company.

5 Operating segments

Segment information

The following segment information is used by Cosan's senior management (the "Chief Operating Decision Maker") to assess the performance of the operating segments and to make decisions with regards to the allocation of resources.

The following statement of financial position and profit or loss selected information by segment was prepared on the same basis as the accounting practices used in the preparation of consolidated information:

	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Cosan Corporate	L
Statement of profit or loss:							
Net sales	3,148,411	17,380,867	1,379,129	-	463,582	48	
Domestic market	1,274,667	17,380,867	1,379,129	-	355,192	48	
External market	1,873,744	-	-	-	108,390	-	
Cost of sales	(2,480,327)	(16,425,140)	(763,700)	-	(339,903)	(1,132)	
Gross profit	668,084	955,727	615,429	-	123,679	(1,084)	
Selling expenses	(199,486)	(308,615)	(170,632)	-	(92,089)	(14)	
General and administrative expenses	(127,330)	(103,440)	(84,632)	-	(17,742)	(38,706)	
Other income (expenses), net	(20,404)	412,126	726	-	182	(22,573)	
Financial results	70,315	(146,529)	(55,670)	-	(15,563)	(232,269)	
Financial expenses	(223,405)	(152,843)	(190,177)	-	(16,161)	(384,033)	
Financial income	172,270	63,215	134,545	-	1,157	50,651	
Foreing exchange losses, net	2,706	(45,351)	(12,528)	-	1,219	(41,209)	
Derivatives	118,744	(11,550)	12,490	-	(1,778)	142,322	
Equity in earnings of associates	(10,305)	(2,830)	-	-	(1,553)	126,960	
Equity in earnings of joint ventures	-	-	-	-	-	404,245	
Income tax (expense)benefit	(105,808)	(258,783)	(109,356)	-	(92)	84,371	
Profit (loss) from continuing operations	**275,066**	**547,656**	**195,866**	**-**	**(3,177)**	**320,928**	
Profit (loss) from discontinued operations, net of tax	**-**	**-**	**-**	**18,312**	**-**	**6,582**	
Net income attributable to:							
Owners of the Parent	274,978	534,943	122,309	6,582	(3,177)	327,510	
Non-controlling interests	88	12,713	73,557	11,730	-	-	
	275,066	**547,656**	**195,866**	**18,312**	**(3,177)**	**327,510**	
Other select data:							
Depreciation and amortization	477,902	145,552	134,064	-	23,748	3,423	
EBITDA	788,461	1,098,520	494,956	-	36,226	472,249	
Additions to PP&E, intangible and biological assets	354,163	191,632	89,291	-	11,188	5,956	
Reconciliation of EBITDA:							
Profit (loss) for the period	275,066	547,656	195,866	-	(3,177)	320,928	
Income tax and social contribution	105,808	258,783	109,356	-	92	(84,371)	
Financial results, net	(70,315)	146,529	55,670	-	15,563	232,269	
Depreciation and amortization	477,902	145,552	134,064	-	23,748	3,423	
EBITDA	**788,461**	**1,098,520**	**494,956**	**-**	**36,226**	**472,249**	

	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Cosan Corporate	De ef
Statement of profit or loss:							
Net sales	9,657,588	50,252,193	4,333,163	-	1,431,697	424	
Domestic market	3,955,267	50,252,193	4,333,163	-	1,096,072	424	
External market	5,702,321	-	-	-	335,625	-	
Cost of sales	(7,364,106)	(47,690,919)	(2,321,714)	-	(1,081,183)	(10,225)	
Gross profit	2,293,482	2,561,274	2,011,449	-	350,514	(9,802)	
Selling expenses	(568,201)	(965,232)	(485,102)	-	(271,431)	(114)	
General and administrative expenses	(405,951)	(324,245)	(242,585)	-	(53,482)	(121,663)	
Other income (expenses), net	16,544	610,196	(1,930)	-	2,037	(80,293)	
Financial results	486,213	(426,235)	(197,677)	-	(59,827)	(753,132)	
Financial expenses	(697,432)	(208,240)	(564,425)	-	(38,841)	(824,425)	
Financial Income	500,169	177,425	366,171	-	2,967	252,822	
Foreing exchange losses, net	(57,513)	736,752	230,033	-	46,567	741,709	
Derivatives	740,989	(1,132,172)	(229,456)	-	(70,520)	(923,238)	
Equity in earnings of associates	(59,080)	(310)	-	-	(4,575)	403,097	
Equity in earnings of joint ventures	-	-	-	-	-	1,098,183	
Income tax (expense)benefit	(553,720)	(443,006)	(377,118)	-	4,553	296,738	
Profit (loss) from continuing operations	**1,209,285**	**1,012,442**	**707,037**	**-**	**(32,212)**	**833,015**	
Profit (loss) from discontinued operations, net of tax	**-**	**-**	**-**	**58,860**	**-**	**24,788**	
Net income attributable to:							
Owners of the Parent	1,209,197	977,481	436,250	24,789	(32,212)	857,803	
Non-controlling interests	88	34,961	270,787	34,071	-	-	
	1,209,285	**1,012,442**	**707,037**	**58,860**	**(32,212)**	**857,803**	
Other select data:							
Depreciation and amortization	1,662,345	457,824	374,871	-	66,334	10,914	
EBITDA	2,939,137	2,339,507	1,656,703	-	89,396	1,300,323	
Additions to PP&E, intangible and biological assets	1,522,527	596,643	292,751	-	29,876	8,596	
Reconciliation of EBITDA:							
Profit (loss) for the period	1,209,285	1,012,442	707,037	-	(32,212)	833,015	
Income tax and social contribution	553,720	443,006	377,118	-	(4,553)	(296,738)	
Financial results, net	(486,213)	426,235	197,677	-	59,827	753,132	
Depreciation and amortization	1,662,345	457,824	374,871	-	66,334	10,914	
EBITDA	**2,939,137**	**2,339,507**	**1,656,703**	**-**	**89,396**	**1,300,323**	

	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Cosan Corporate	Des eff
Statement of profit or loss:							
Net sales	2,637,476	15,638,868	1,743,099	-	484,226	27	
Domestic market	1,098,525	15,638,868	1,743,099	-	388,613	27	
External market	1,538,951	-	-	-	95,613	-	
Cost of sales	(2,207,305)	(14,884,931)	(1,241,425)	-	(367,111)	(92)	
Gross profit	430,171	753,937	501,674	-	117,115	(65)	
Selling expenses	(188,350)	(305,979)	(156,465)	-	(74,595)	-	
General and administrative expenses	(137,341)	(91,255)	(78,338)	-	(18,482)	(38,943)	
Other income (expenses), net	(5,433)	88,042	(671)	-	385	(12,150)	
Financial results	(462,881)	(94,575)	889	-	(13,555)	(194,658)	
Financial expenses	(262,380)	(45,428)	(58,366)	-	(1,532)	(214,931)	
Financial Income	181,857	39,412	105,055	-	1,993	35,251	
Foreing exchange losses, net	(622,213)	(169,696)	349,574	-	(17,435)	(512,932)	
Derivatives	239,855	81,137	(395,374)	-	3,419	497,954	
Equity in earnings of associates	(14,802)	3,505	-	-	(2,416)	113,272	
Equity in earnings of joint ventures	-	-	-	-	-	24,917	
Income tax (expense)benefit	164,978	(84,041)	(94,867)	-	(4,484)	84,804	
Profit (loss) from continuing operations	**(213,658)**	**269,634**	**172,222**	**-**	**3,968**	**(22,823)**	
Profit (loss) from discontinued operations, net of tax	**-**	**-**	**-**	**12,856**	**-**	**5,629**	
Net income attributable to:							
Owners of the Parent	(213,658)	263,494	106,470	5,629	3,968	(17,194)	
Non-controlling interests	-	6,140	65,752	7,227	-	-	
	(213,658)	**269,634**	**172,222**	**12,856**	**3,968**	**(17,194)**	
Other select data:							
Depreciation and amortization	509,827	144,802	120,865	-	20,140	1,147	
EBITDA	594,072	593,052	387,065	-	42,147	88,178	
Additions to PP&E, intangible and biological assets	230,362	208,571	163,639	-	15,222	6,996	
Reconciliation of EBITDA:							
Profit (loss) for the period	(213,658)	269,634	172,222	-	3,968	(22,823)	
Income tax and social contribution	(164,978)	84,041	94,867	-	4,484	(84,804)	
Financial results, net	462,881	94,575	(889)	-	13,555	194,658	
Depreciation and amortization	509,827	144,802	120,865	-	20,140	1,147	
EBITDA	**594,072**	**593,052**	**387,065**	**-**	**42,147**	**88,178**	

	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Cosan Corporate	Descons effects
Statement of profit or loss:							
Net sales	7,364,398	44,494,263	4,948,174	-	1,288,157	27	(5
Domestic market	3,054,921	44,494,263	4,948,174	-	1,032,784	27	(4
External market	4,309,477	-	-	-	255,373	-	(
Cost of sales	(6,369,387)	(42,279,521)	(3,487,020)	-	(969,947)	(93)	4
Gross profit	995,011	2,214,742	1,461,154	-	318,210	(66)	(
Selling expenses	(425,510)	(903,002)	(461,640)	-	(209,779)	(1)	
General and administrative expenses	(399,167)	(288,757)	(238,794)	-	(52,014)	(114,236)	
Other income (expenses), net	9,324	231,602	(4,540)	-	758	(130,212)	
Financial results	(690,226)	(115,901)	(131,363)	-	(22,552)	(602,557)	
Financial expenses	(662,354)	(131,457)	(255,045)	-	(23,021)	(563,527)	
Financial Income	482,055	118,641	184,279	-	3,348	96,415	
Foreing exchange losses, net	(1,082,392)	(314,386)	153,124	-	(11,860)	(783,031)	
Derivatives	572,465	211,301	(213,721)	-	8,981	647,586	
Equity in earnings of associates	(32,214)	10,617	-	-	(9,507)	261,853	
Equity in earnings of joint ventures	-	-	-	-	-	252,015	
Income tax (expense)benefit	268,026	(346,139)	(226,842)	-	(13,507)	280,718	
Profit (loss) from continuing operations	**(274,756)**	**803,162**	**397,975**	**-**	**11,610**	**(52,487)**	
Profit (loss) from discontinued operations, net of tax	**-**	**-**	**-**	**57,561**	**-**	**20,109**	
Net income attributable to:							
Owners of the Parent	(274,756)	777,978	243,477	20,110	11,610	(32,378)	
Non-controlling interests	-	25,184	154,498	37,451	-	-	
	(274,756)	**803,162**	**397,975**	**57,561**	**11,610**	**(32,378)**	
Other select data:							
Depreciation and amortization	1,473,871	431,832	360,296	-	56,988	3,180	(
EBITDA	1,621,315	1,697,034	1,116,476	-	104,657	272,532	(
Additions to PP&E, intangible and biological assets	1,168,364	405,011	382,659	-	28,318	40,105	(
Reconciliation of EBITDA:							
Profit (loss) for the period	(274,756)	803,162	397,975	-	11,610	(52,487)	
Income tax and social contribution	(268,026)	346,139	226,842	-	13,507	(280,718)	
Financial results, net	690,226	115,901	131,363	-	22,552	602,557	
Depreciation and amortization	1,473,871	431,832	360,296	-	56,988	3,180	(
EBITDA	**1,621,315**	**1,697,034**	**1,116,476**	**-**	**104,657**	**272,532**	**(**

Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Cosan Corporate**	**Dec effe**
Cash and cash equivalents	3,224,972	1,103,332	1,691,599	-	103,762	1,185,784	
Marketable securities	-	-	-	-	-	-	
Trade receivables	646,381	1,937,086	571,381	-	242,533	3	
Derivative financial instruments	884,431	140,763	486,117	-	-	734,612	
Inventories	2,614,158	1,540,822	138,783	-	256,807	1,318	
Other financial assets	686,519	-	-	-	-	72,554	
Assets held for sale	-	-	-	3,067,056	-	1,298,428	
Other current assets	2,640,894	1,255,034	105,636	-	53,673	184,550	
Other non-current assets	3,461,153	1,106,112	305,803	-	31,397	1,711,279	
Investment in associates	386,064	-	-	-	24,552	4,309,291	
Investment in joint ventures	-	-	-	-	-	8,501,602	
Biological assets	779,066	-	-	-	-	-	
Investment property	-	-	-	-	-	-	
Property, plant and equipment	10,595,505	2,367,913	-	-	240,696	152,792	
Intangible assets and goodwill	3,232,651	4,522,887	8,539,044	-	777,129	7,654	
Loans, borrowings and debenture	(11,680,546)	(1,045,930)	(3,566,102)	-	(464,007)	(4,985,368)	
Derivative financial instruments	(916,308)	(632,194)	-	-	(40,283)	(569,824)	
Trade payables	(1,309,317)	(772,445)	(1,172,843)	-	(208,839)	(5,213)	
Employee benefits payable	(345,998)	(68,387)	(56,352)	-	(21,384)	(17,513)	
Preferred shareholders payable in subsidiaries	-	-	-	-	-	(2,023,988)	
Liabilities held for sale	-	-	-	(155,219)	-	(80,173)	
Other current liabilities	(1,481,859)	(1,508,177)	(210,569)	-	(150,370)	(187,507)	
Other non-current liabilities	(1,341,141)	(4,766,264)	(1,461,123)	-	(147,316)	(1,341,084)	
Total assets (net of liabilities) allocated by segment	12,076,625	5,180,552	5,371,374	2,911,837	698,350	8,949,197	
Total assets	**29,151,794**	**13,973,949**	**11,838,363**	**3,067,056**	**1,730,549**	**18,159,867**	
Equity attributable to owners of the parent	12,077,587	4,993,284	5,371,374	2,911,837	698,350	8,949,197	
Non-controlling interests	(962)	187,268	-	-	-	-	
Total shareholders' equity	**12,076,625**	**5,180,552**	**5,371,374**	**2,911,837**	**698,350**	**8,949,197**	

Itens do balanço patrimonial:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Cosan Corporate**	**Deconsolid IFR**
Cash and cash equivalents	2,995,495	885,880	1,967,643	1,016	96,907	1,063,964	
Marketable securities	-	-	-	97,222	-	-	
Trade receivables	719,092	2,058,601	540,133	38,510	220,417	247	
Derivative financial instruments	1,465,816	255,665	665,032	-	12,363	1,615,464	
Inventories	2,371,987	1,287,946	134,347	-	293,916	2,854	
Other financial assets	-	-	-	144,208	-	-	
Other current assets	1,579,568	1,029,510	132,959	120,615	51,926	209,529	
Other non-current assets	3,425,968	921,891	279,091	51	(135,853)	1,937,113	
Investments in associates	225,670	248,456	-	-	8,453	5,660,434	
Investments in joint ventures	-	-	-	-	-	8,237,188	
Biological assets	678,564	-	-	-	-	-	
Investment property	-	-	-	2,595,035	-	-	
Property, plant and equipment	11,027,461	2,409,555	-	2,029	243,080	156,691	(
Intangible assets and goodwill	3,261,623	4,414,352	8,620,436	1,669	818,362	6,802	
Loans, borrowings and debentures	(11,549,211)	(3,226,849)	(3,823,066)	-	(512,759)	(5,419,878)	
Derivative financial instruments	(676,321)	(67,902)	-	-	(291)	(740,427)	
Trade payables	(1,126,540)	(937,177)	(1,302,397)	(2,511)	(235,663)	(4,251)	
Employee benefits payable	(315,704)	(83,214)	(65,522)	(5,684)	(15,061)	(20,140)	
Other current liabilities	(920,298)	(968,904)	(103,334)	(35,465)	(135,946)	(209,512)	
Other non-current liabilities	(1,364,086)	(3,129,160)	(1,180,987)	(104,403)	(209,244)	(3,742,216)	
Total assets (net of liabilities) allocated by segment	11,799,084	5,098,650	5,864,335	2,852,292	500,607	8,753,862	(
Total assets	**27,751,244**	**13,511,856**	**12,339,641**	**3,000,355**	**1,609,571**	**18,890,286**	**(**
Equity attributable to owners of the parent	11,800,047	4,926,655	5,864,335	2,852,292	500,607	8,753,862	(
Non-controlling interests	(963)	171,995	-	-	-	-	
Total shareholders' equity	**11,799,084**	**5,098,650**	**5,864,335**	**2,852,292**	**500,607**	**8,753,862**	**(**

Net revenue by segment:

	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015	January 1, 2015 to September 30, 2015
Raízen Energia				
Ethanol	1,400,772	4,600,024	1,128,511	3,695,498
Sugar	1,443,030	4,404,639	1,200,640	3,073,937
Cogeneration	206,557	401,876	203,002	387,740
Other	98,052	251,049	105,323	207,223
	3,148,411	**9,657,588**	**2,637,476**	**7,364,398**
Raízen Combustíveis				
Fuels	17,380,867	50,252,193	15,638,868	44,494,263
	17,380,867	**50,252,193**	**15,638,868**	**44,494,263**
COMGÁS				
Industrial	865,824	2,868,654	1,098,456	3,175,412
Residencial	237,425	590,679	202,404	504,608
Thermo generation	6,713	68,307	129,043	379,188
Cogeneration	51,505	163,414	64,982	203,082
Automotive	53,130	151,107	50,262	145,313
Commercial	78,325	224,626	77,706	211,108
Construction revenue	77,582	231,869	109,959	303,683
Other	8,625	34,507	10,287	25,780
	1,379,129	**4,333,163**	**1,743,099**	**4,948,174**
Lubricants				
Lubricants	404,882	1,256,067	403,214	1,105,607
Basic oil	54,725	163,558	76,870	171,028
Other	3,975	12,072	4,142	11,522
	463,582	**1,431,697**	**484,226**	**1,288,157**
Cosan Corporate				
Other	48	424	27	27
	48	**424**	**27**	**27**
IFRS 11 - Desconsolidated of adjustments / eliminations joint ventures and eliminations	(20,529,278) -	(59,909,781)	(18,276,344)	(51,858,661)
Total	**1,842,759**	**5,765,284**	**2,227,352**	**6,236,358**

6 Cash and cash equivalents

	Parent Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Cash and bank accounts	1,015	3	18,557	164,091
Savings account [(i)]	-	-	595,378	28,278
Financial Investments	143,374	731,046	2,367,210	2,937,161
	144,389	**731,049**	**2,981,145**	**3,129,530**

(i) The savings account balances that on 31 December 2015 were presented as financial investments were relocated for better presentation, these financial statements.

Financial investments are as follows:

	Parent Company		Consolidated	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
Investment fund				
Repurchase agreements [(i)]	126,731	97,485	1,783,221	1,248,983
Bank certificate of deposits - CDB [(ii)]	15,628	567,078	219,896	765,900
Other	-	65,552	-	170,469
	142,359	**730,115**	**2,003,117**	**2,185,352**
Bank investments				
Repurchase agreements [(i)]	-	-	32,732	407,710
Bank certificate of deposits - CDB [(ii)]	-	-	242,854	343,083
Other	1,015	931	88,507	1,016
	1,015	**931**	**364,093**	**751,809**
	143,374	**731,046**	**2,367,210**	**2,937,161**

(i) These refer to purchases of assets, with the commitment to repurchase at a rate previously established by the parties, with original maturities of 90 days or less or for which there are no penalties or other restrictions for early redemption.

(ii) These refer mainly to Bank Deposit Certificates - CDBs, issued by Brazilian financial institutions with original maturities of 90 days or less or for which there are no penalties or other restrictions for early redemption.

For purposes of the statement of cash flows, cash and cash equivalents comprises the following balances:

	Consolidated	
	September 30, 2016	**December 31, 2015**
Cash and bank accounts	18,557	164,091
Savings account	595,378	28,278
Financial investments	2,367,210	2,937,161
Cash and cash equivalents related to discontinued operation	9,933	-
	2,991,078	**3,129,530**

7 Trade receivables

	Consolidated	
	September 30, 2016	**December 31, 2015**
Domestic – Brazilian Reais	859,634	829,912
Export – Foreign currency	13,340	16,112
Allowance for doubtful accounts	(59,057)	(46,717)
	813,917	**799,307**
Current	**774,147**	**759,710**
Non-current	**39,770**	**39,597**

8 Inventories

	Consolidated	
	September 30, 2016	**December 31, 2015**
Finished goods	249,994	289,708
Product in process	86,873	86,981
Spare parts and others	60,041	54,428
	396,908	**431,117**

9 Other current tax receivables

	Parent Company		Consolidated	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
ICMS - State VAT	-	-	96,630	121,754
Credit installment - PAES	-	33,245	-	33,245
COFINS - Revenue tax	3,720	3,718	40,626	11,700
Other	34	78	11,391	11,826
	3,754	**37,041**	**148,647**	**178,525**
Current	**3,754**	**37,041**	**104,221**	**135,947**
Non Current	**-**	**-**	**44,426**	**42,578**

10 Related parties

a) Receivables and payables to related parties:

	Parent Company		Consolidated	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
Current asset				
Corporate operation / agreements				
Raízen Energia S.A.	6,281	17,101	10,129	21,313
Rumo Logística Operadora Multimodal S.A	16,118	8,794	16,508	9,181
Cosan Lubrificantes e Especialidades	13,976	8,436	-	-
Aguassanta Participações S.A.	6,340	6,371	6,340	6,371
Radar Propriedades Agricolas S.A.	753	1,035	-	-
Cosan Biomassa S.A	1,767	427	-	-
Cosan Limited	816	982	797	982
Raízen Combustíveis S.A.	113	269	1,316	709
Cosan Logística	36	18	2,899	3,534
Other	490	653	-	4,251
	46,690	**44,086**	**37,989**	**46,341**
Financial operations				
Raízen Energia S.A.	9,672	9,672	9,672	9,672
Raízen Combustíveis S.A.	-	-	-	1,102
Cosan Limited	-	-	-	29,485
	9,672	**9,672**	**9,672**	**40,259**
	56,362	**53,758**	**47,661**	**86,600**
Preferred shares				
Janus Brasil Participações S.A	24,467	20,875	24,467	20,875
Raízen Energia S.A.	114,097	89,763	114,097	89,763
	138,564	**110,638**	**138,564**	**110,638**
Financial operations				
Rezende Barbosa	38,944	70,365	38,944	70,368
Novvi LLC	-	-	-	17,309
Cosan Limited	-	-	24,884	-
Raízen Energia S.A.	-	23,029	-	23,029
	38,944	**93,394**	**63,828**	**110,706**
Corporate restructuring				
Other	7,532	5,706	1,484	-
	185,040	**209,738**	**203,876**	**221,344**

	Parent Company		Consolidated	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
Current liabilieites				
Corporate oprations / agreements				
Raízen Energia S.A.	110,122	97,253	116,667	100,505
Raízen Combustíveis S.A.	8,139	8,927	5,932	9,447
Rumo Logística Operadora Multimodal S.A	3,447	1,480	3,531	1,512
Cosan Lubrificantes e especialidades	301	394	-	-
Cosan Biomassa S.A.	-	216,982	-	-
Other	593	618	130	-
	122,602	**325,654**	**126,260**	**111,464**
Financial opreations				
Cosan Luxembourg S.A.	42,660	76,416	-	-
Cosan Overseas Limited	20,976	25,682	-	-
Raízen Energia S.A.	-	-	-	3,095
	63,636	**102,098**	**-**	**3,095**
	186,238	**427,752**	**126,260**	**114,559**
Non-current liabilities				
Financial operations				
Cosan Luxembourg S.A.	2,291,516	2,744,584	-	-
Cosan Overseas Limited	1,634,462	1,966,067	-	-
	3,925,978	**4,710,651**	**-**	**-**

a) Related party transactions:

	Parent Company			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015**	**January 1, 2015 to September 30, 2015**
Shared income (expanse)				
Aguassanta Participações S.A.	105	276	114	331
Cosan Biomassa S.A.	497	1,512	179	552
Radar Propriedades Agrícolas S.A.	629	1,994	888	2,925
Cosan Logística S.A	2,467	7,402	3,908	6,621
Cosan Lubrificantes e Especialidades	1,934	6,130	2,033	7,514
Raízen Energia S.A.	(1,033)	(3,325)	(876)	(2,858)
	4,599	**13,989**	**6,246**	**15,085**
Financial result				
Cosan Lubrificantes e Especialidades	-	-	-	28
Cosan Limited	9	(166)	219	331
Cosan Luxembourg S.A.	(44,896)	392,492	(628,102)	(971,979)
Pasadena Empreed. Partic. S.A.	187	526	-	-
Cosan Overseas Limited	(52,302)	224,780	-	-
Raízen Energia S.A.	501	1,495	680	1,910
Other	(62)	(167)	103	289
	(96,563)	**618,960**	**(627,100)**	**(969,421)**

	Consolidated			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015**	**January 1, 2015 to September 30, 2015**
Product sales				
ALL - América Latina Logistica Malha Sul S.A	7,775	32,983	11,476	20,546
Raízen Combustíveis S.A	3,300	9,777	3,776	11,270
Raízen Energia S.A.	7,361	23,694	5,976	13,974
	18,436	**66,454**	**21,228**	**45,790**
Purchase of goods / Inputs				
Raízen Energia S.A.	(37)	(37)	(1,563)	(1,630)
Raízen Combustíveis S.A.	(2)	(2)	(119)	(119)
	(39)	**(39)**	**(1,682)**	**(1,749)**
Discontinued operation				
Raízen Energia S.A	19,179	50,664	14,352	43,631
	19,179	**50,664**	**14,352**	**43,631**
Shared income (expanse)				
Aguassanta Participações S.A.	105	276	114	331
Cosan Logística S.A	2,467	7,402	3,908	6,621
Raízen Energia S.A.	(11,578)	(32,797)	(4,328)	(10,021)
	(9,006)	**(25,119)**	**(306)**	**(3,069)**
Financial result				
Cosan Limited	144	235	238	350
Cosan Logística S.A	-	-	508	508
Raízen Energia S.A.	501	1,495	680	1,910
Other	(51)	(126)	(50)	(147)
	594	**1,604**	**1,376**	**2,621**

b) Officers' and directors' compensation

Key management includes directors (executive and non-executive) and members of the board. The compensation paid or payable to key management for their services is shown below:

	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015 (restated)	January 1, 2015 to September 30, 2015 (restated)
Regular compensation	9,179	30,117	4,226	20,010
Stock option expense	2,125	6,378	2,742	8,228
Bonuses and other variable compensation	4,693	12,615	83	10,511
	15,997	**49,110**	**7,051**	**38,749**

11 Investments in associates

a) Information on associates and subsidiaries

	Companhia de Gás de São Paulo – "COMGÁS"	**Cosan Biomassa**	**Cosan Global**	**Cosan Investimentos e Participações S.A.**	**Cosan Lubrificantes e Especialidades S.A.**	**Cosan Luxembourg S.A.**	**Radar II Propriedades Agrícolas S.A.**	**Radar Propriedades Agrícolas S.A.**	**Tell Part**
Shares issued by the investee	127,313,301	149,289,282	1	3,778,868,643	290,441	500,000	830,690,258	21,148,989	65
Shares held by Cosan	79,764,049	149,289,282	1	3,778,868,643	290,437	500,000	539,979,397	4,001,167	33
Cosan ownership interest (%)	62.65%	100%	100%	100%	100%	100%	65%	19%	
At January 1, 2016	**3,754,589**	**208,849**	**200,663**	**5,824,631**	**(64,018)**	**107,507**	**648,330**	**625,108**	
Adoption to CPC 29 effect (Note 2)	-	-	-	(92,330)	-	-	-	-	
At January 1, 2016 (restated)	**3,754,589**	**208,849**	**200,663**	**5,732,301**	**(64,018)**	**107,507**	**648,330**	**625,108**	
Equity income of investee	436,250	(22,970)	(114,173)	1,144,118	(5,376)	3,106	-	-	
Equity income of descontinued opearation	-	-	-	-	-	-	17,610	7,177	
Reclassification for assets held for sale	-	-	-	-	-	-	(666,012)	(632,413)	
Equity method adjustments	-	-	-	(171,987)	-	-	72	128	
Dividends	(724,650)	-	-	(284,896)	-	-	-	-	
Capital incrase / Decrease	-	(216,982)	7,418	-	-	199,656	-	-	
Other	11,371	40,000	-	(195,472)	(348)	-	-	-	
At September 30, 2016	**3,477,560**	**8,897**	**93,908**	**6,224,064**	**(69,742)**	**310,269**	**-**	**-**	
Equity income of investee September, 30 2015 (restated)	242,987	(6,194)	131,044	297,642	(180,073)	222,262	-	-	

b) Consolidated

	Tellus Brasil Participações S.A.	Novvi Limited Liability Company	Janus Brasil Participações S.A.	Other investments	Total
Shares issued by the investee	65.957.282	200.002	16,166,927	-	
Shares held by Cosan	33.638.214	100.001	31,699,465	-	
Cosan ownership interest (%)	51.00%	33.33%	51.00%	-	
At January 1, 2016	**99,638**	**6,783**	**23,713**	**10,002**	**140,136**
Equity income of investee	(160)	(4,575)	4,808	(5,588)	**(5,515)**
Equity method adjustments	-	-	(90)	-	**(90)**
Dividends	(1,508)	-	(689)	-	**(2,197)**
Capital incrase / Decrease	-	20,972	3,592	-	**24,564**
Other	(492)	-	-	1,525	**1,033**
At September 30, 2016	**97,478**	**23,180**	**31,334**	**5,939**	**157,931**
Equity income of investee September, 30 2015	**8,235**	**(9,497)**	**588**	**(2,066)**	**(2,740)**

c) Non-controlling shareholders of the information in the Company's subsidiaries

		Discontinued operation			
	Companhia de Gás de São Paulo - "COMGÁS"	Radar II Propriedades Agrícolas S.A.	Radar Propriedades Agrícolas S.A.	Elimination participation Radar II in Radar	Total
Shares issued by the investee	127,313,301	830,690,258	21,148,989	-	
Shares held by Cosan	47,549,252	290,710,861	17,147,822	-	
Cosan ownership interest (%)	37.35%	35.00%	81.08%	-	
At January 1, 2016	**2,109,567**	**349,022**	**1,728,749**	**(498,850)**	**3,688,488**
Equity income of investee	270,787	9,455	30,769	(6,153)	**304,858**
Equity method adjustments	-	38	503	(111)	**430**
Dividends	(464,007)	-	-	-	**(464,007)**
Other	(22,547)	-	-	-	**(22,547)**
At September 30, 2016	**1,893,800**	**358,515**	**1,760,021**	**(505,114)**	**3,507,222**

d) Information on subsidiaries:

September 30, 2016, the subsidiary COMGÁS has a balance of regulatory receivable account of R$ (450,986) (R$ 116,947 at December 31, 2015) related to differences between the actual cost incurred gas paid by COMGÁS, and the cost of gas included in the rate and charged customers as tariff structure defined by ARSESP. During the year, the net movement of regulatory account was R$ (567,933) and the update by the Selic rate was R$ (17,166). These assets or regulatory liabilities are only recorded in the financial statements when billed to consumers.

The date of the tariff review process of the 2014 cycle 2019 COMGÁS, which was scheduled to take place initially at the end of May 2014, was postponed by ARSESP through Resolutions nº. 494 of 27 May 2014 and nº. 533, of December 10, 2014.

The Company is awaiting the agency information on the next steps of the tariff review process.

12 Investments in joint ventures

	Consolidated		
	Raízen Combustíveis S.A.	**Raízen Energia S.A.**	**Total**
Shares issued by investee	3,303,168,484	5,902,595,634	
Shares held by Cosan	1,651,584,242	2,951,297,817	
Cosan ownership interest (%)	50%	50%	
January 31, 2015	**3,204,833**	**5,124,685**	**8,329,518**
Initial adoption effect in joint ventures (note 2.2)	-	(92,330)	**(92,330)**
January 31, 2016 (restated)	**3,204,833**	**5,032,355**	**8,237,188**
Equity in earnings of jointly controlled entities	488,223	609,960	**1,098,183**
Equity method adjustments	20,648	(181,075)	**(160,427)**
Interest on capital	(63,500)	-	**(63,500)**
Dividends	(412,060)	(197,782)	**(609,842)**
September 30, 2016	**3,238,144**	**5,263,458**	**8,501,602**
Equity income of investee September 30, 2016 (restated)	388,396	(136,381)	252,015

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in operating segments (Note 5).

Pursuant to the terms of the Raízen Joint Venture - Framework Agreement, Cosan is responsible for certain legal proceedings that existed prior to the formation of Raízen, net of judicial deposits as of April 1, 2011, as well as tax installments under the REFIS (tax amnesty and refinancing program), recorded in "Other taxes payable". Additionally, Cosan has access to a credit line (stand-by facility) granted to Raízen in the amount of US$500 million, which was unused at September, 30 2016.

13 Disposal group held for sale

On September, 30 2016, Company signed a Share Purchase Agreement with Mansilla Participações Ltda. (vehicle company of the investment fund TIAA - Teachers Insurance and Annuity Association of America shareholder of the companies Radar and Radar II, committing to sell part of its shares of radar for a total amount of R$ 1,064,506, cancel out any options, warrants or other obligations. Cosan will maintain a stake in Radar's common shares due to its expertise in the sector.

As described in the Purchase and Sale Agreement, the sale of Radar's share only will be realized after the approval of CADE (Administrative Council for Economic Defense), which occurred on October 18, 2016.

(a) Loss on impairment for the group of assets held for sale

The asset available for sale's measurement should be done at the lower value between carrying amount and fair value, however, the book balances at the Consolidated level Radar e Radar II are substantially comprised of investment properties, assets held for sale, other financial assets, securities and cash and cash equivalents, whose measurement rules are set forth in CPC 31 / IFRS 5, so no adjustment should be made. In addition, the balance investment in Radar and Radar II in the parent company was not adjusted in relation to the sale price due to the application of paragraph 8 of CPC 43.

(b) Assets and liabilities of disposal group held for sale

On September 30, 2016, the group of assets and liabilities held for sale comprised the following assets and liabilities.

	Consolidated
	September 30, 2016
Assets	
Cash and cash equivalents	9,933
Investment securities	146,749
Other current assets	20,906
Assets held for sale	122,086
Other financial assets	150,150
Other current assets	19,293
Investment properties	2,594,462
Property and equipment	1,655
Intangible assets	1,822
Assets held for sales	**3,067,056**
Liabilities	
Trade payables	507
Salaries payable	6,096
Income tax payables	15,407
Dividends and interest on capital payable	14,810
Payables to related parties	6,335
Other current liabilities	3,589
Deferred tax liabilities	188,648
Liabilities held for sales	**235,392**
Net assets held for sales	**2,831,664**
Other comprehensive income	
Change in fair value of available for sale securities	9,300

(c) Net profit from discontinued operations

	Consolidated			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015**	**January 1, 2015 to September 30, 2015**
Net sales	25,315	72,243	31,886	80,419
Cost of sales	-	-	(10,713)	(17,982)
Gross profit	**25,315**	**72,243**	**21,173**	**62,437**
General and administrative expenses	(8,559)	(23,249)	(8,030)	(22,225)
Other expense, net	1,159	9,825	22	20,808
Operating expenses	**(7,400)**	**(13,424)**	**(8,008)**	**(1,417)**
Income before equity in earning and financial results	**17,915**	**58,819**	**13,165**	**61,020**
Financial results	5,074	13,201	3,199	6,870
Profit before taxes	**22,989**	**72,020**	**16,364**	**67,890**
Income tax expenses	(4,677)	(13,160)	(3,508)	(10,329)
Profit for the period	**18,312**	**58,860**	**12,856**	**57,561**
Owners of the Parent	6,583	24,788	5,629	20,109
Non-controlling interests	11,729	34,072	7,227	37,452
	18,312	**58,860**	**12,856**	**57,561**

(d) Cash flows generated (used in) discontinued operations

	January 1, 2016 to September 30, 2016	**January 1, 2015 to September 30, 2015**
Net cash generated by operating activities	14,309	13,279
Net cash used in investing activities	(5,393)	(18,111)
Net cash generated by (used in) discontinued operating	**8,916**	**(4,832)**

The statement of profit or loss for the period and comparative statement of cash flow are being restated to present discontinued operations separately from operations

(e) Sale of the effect on the Company's financial position

The balances in the Company's assets held for sale R$ 1,298,428 and liabilities held for sale R$ 80,172 are represented, respectively, by investment and deferred taxes on discontinued segment.

14 Property, plant and equipment

	Consolidated					P
	Land, buildings and improvements	**Machinery, equipment and facilities**	**Railcars and locomotives**	**Other**	**Total**	
Cost						
At December 31, 2015	**232,615**	**162,955**	**58,749**	**54,179**	**508,498**	
Additions	-	-	27,639	-	27,639	
Disposals	-	(1,242)	-	(42)	(1,284)	
Transfers (i)	(2,491)	11,385	(20,969)	3,041	(9,034)	
Discontinued operations	(598)	(143)	(603)	(1,005)	(2,349)	
At September 30, 2016	**229,526**	**172,955**	**64,816**	**56,173**	**523,470**	
Depreciation						
At December 31, 2015	**(31,405)**	**(42,804)**	**-**	**(32,489)**	**(106,698)**	
Additions	(8,153)	(12,170)	-	(4,460)	(24,783)	
Disposals	-	127	-	41	168	
Transfers (i)	810	(307)	-	134	637	
Discontinued operations	136	96	-	462	694	
At September 30, 2016	**(38,612)**	**(55,058)**	**-**	**(36,312)**	**(129,982)**	
At December 31, 2015	**201,210**	**120,151**	**58,749**	**21,690**	**401,800**	
At September 30, 2016	**190,914**	**117,897**	**64,816**	**19,861**	**393,488**	

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

15 Intangible assets

	Consolidated					
	Goodwill	**Concession rights - COMGAS**	**Trademarks**	**Related customer relationships**	**Other**	**T**
Cost:						
At December 31, 2015	**612,840**	**9,159,112**	**252,474**	**940,470**	**285,615**	**1**
Additions	-	247,257	-	55,903	6,146	
Transfers (i)	-	(16,777)	-	(10,391)	-	
Transferências (i)	-	(2,147)	-	106	10,438	
Descontinued operations	-	-	-	-	(2,396)	
At September 30, 2016	**612,840**	**9,387,445**	**252,474**	**986,088**	**299,803**	**1**
Amortization						
At December 31, 2015	**-**	**(921,733)**	**(159,789)**	**(575,411)**	**(146,309)**	**(**
Additions	(4,270)	(259,268)	(17,120)	(113,129)	(33,655)	
Disposals	-	9,821	-	5,466	-	
Transfers (i)	-	124	-	-	(124)	
Descontinued operations	-	-	-	-	574	
At September 30, 2016	**(4,270)**	**(1,171,056)**	**(176,909)**	**(683,074)**	**(179,514)**	**(**
At December 31, 2015	**612,840**	**8,237,379**	**92,685**	**365,059**	**139,306**	
At September 30, 2016	**608,570**	**8,216,389**	**75,565**	**303,014**	**120,289**	

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

Capitalization of borrowing costs

Capitalized borrowing costs for period ended on September 30, 2016, amounted to R$ 13,026 (R$ 14,766 for period ende relating to interest on loans obtained for the construction of these assets. The weighted average interest rate used to capita balance of construction in progress, was 12.55% p.a. for the period ended on September 30, 2016 (11.26% p.a. on September 30

Intangible assets (excluding goodwill)	**Annual rate of amortization**	**September 30, 2016**	**December 31, 2015**
Concession intangible asset - COMGÁS	Over the concession term	8,216,389	8,237,379
Trademarks		**-**	
Mobil	10.00%	51,361	68,481
Comma	-	24,204	24,204
		75,565	**92,685**
Relationship with customers:		**-**	
Comgás	20.00%	260,131	313,693
Lubricants	6.00%	42,883	51,366
		303,014	**365,059**
Other		**-**	
License of software	20.00%	111,178	112,570
Other		9,111	26,736
		120,289	**139,306**
Total		**8,715,257**	**8,834,429**

The Company tests the recoverable amounts of goodwill arising from business combination transactions annually. Property, plant and equipment and definite life intangible assets, that are subject to depreciation and amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

During the period ended September 30, 2016, no impairment indicators were identified that would trigger the need for an impairment test.

16 Loans, borrowings and debentures

	Interest		Parent Company		Consolidated		
Description	**Index[(i)]**	**Annual interest[(ii)]**	**September 30, 2016**	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**	**Maturity**
Loan and borrowings							
BNDES	TJ462	10.43%	-	-	688,609	809,660	Oct/2020
	Selic	16.22%	-	-	320,663	298,258	Oct/2020
	TJLP	10.15%	-	-	168,096	176,900	Oct/2018
EIB	US$ + LIBOR	2.35%	-	-	669,973	869,014	Sep/2021
FINAME	Fixed	5.50%	-	-	120	164	Feb/2025
FINEP	Fixed	5.00%	-	-	116,192	137,133	Nov/2020
Foreign loans	LIBOR Sterling	3.93%	-	-	230,954	312,940	Dec/2019
Perpetual Notes	US$	8.25%	-	-	1,643,558	1,976,673	-
Resolution 4131	US$	3.08%	-	-	108,978	161,796	Oct/2020
	US$ + LIBOR	2.00%	-	-	414,506	471,045	Mar/2018
	US$ + LIBOR	2.00%	328,881	406,348	361,536	406,348	Nov/2016
Senior Notes Due 2018	Fixed	9.50%	-	-	164,297	875,376	Mar/2018
Senior Notes Due 2023	US$	5.00%	-	-	328,923	2,009,296	Mar/2023
Senior Notes Due 2027	US$	7.00%	-	-	2,378,320	-	Jan/2027
Working capital	CDI + 0.28% p.m.	18.02%	-	-	6,683	25,004	Dec/2016
	121.10% of CDI	17.36%	-	-	2,008	10,143	Nov/2016
Secured account	125,5% of CDI	18.04%	-	-	10,186	17,763	Oct/2016
FINIMP	US$ + Libor Tri	3.17%	-	-	41,283	-	Jun/2017
Other	US$ + Libor Tri	3.80%	-	-	56,338	-	Apr/2017
			328,881	**406,348**	**7,711,223**	**8,557,513**	
Non-convertible debentures			-	-	1,304,254	1,198,190	
Total			**328,881**	**406,348**	**9,015,477**	**9,755,703**	
Current			**328,881**	**406,348**	**1,246,859**	**1,230,518**	
Non-current			**-**	**-**	**7,768,618**	**8,525,185**	

(i) TJLP and URTJLP are long-term interest rates set on loans by BNDES, the (Brazilian National Economic and Social Development Bank). Selic is the benchmark interest rate set by the Brazilian Central Bank. CDI is a benchmark interbank lending rate in Brazil. IPCA is a benchmark consumer price index.

(i) As at September 30, 2016.

Sênior Notes with maturity in 2027

On June 20, 2016, Cosan Luxembourg S.A. (“Cosan Lux”), wholly owned subsidiary, issued Senior Notes in the international market in accordance with the "Regulation S" and "144A" in the amount of US$ 500 million, which are subject to interest at 7% pa The funds were used for partial repayment of Senior Note 2018 and Senior Note 2023. During the term of the permit, the Company must maintain the net debt divided by EBITDA, and other financial covenants.

On July 18, 2016, Cosan Lux issued an additional U.S.$150,000,000 principal amount of its 7% Senior Notes due 2027. The Bonds are additional securities issued pursuant to the provisions of the indenture,

dated as of June 20, 2016, among the Issuer, Cosan S.A. and Deutsche Bank Trust Company Americas, as Trustee (the "Trustee"), and an officers' certificate to be dated Ju 18, 2016.

FINIMP

On 1 July 2016, Cosan Lubricants, the Company's subsidiary entered into a loan with Citibank in the amount of US$ 12,345 at an interest rate of Libor 3M + 2.52% p.a, maturing on June 30 2017. The funds were used to pay for raw materials imported.

The carrying amounts and fair value of loans and borrowings:

	September 30, 2016	December 31, 2015
13 to 24 months	1,452,166	628,853
25 to 36 months	653,170	2,181,646
37 to 48 months	575,953	670,499
49 to 60 months	414,417	727,953
61 to 72 months	150,583	184,070
73 to 84 months	539,431	120,819
85 to 96 months	193,825	2,010,345
Thereafter	3,789,073	2,001,000
	7,768,618	**8,525,185**

Debentures

				Interest			
Description	**Issue**	**Series**	**Quantity**	**Index**	**Annual interest**	**September 30, 2016**	**December 31, 2015**
Non-convertible debentures							
9/15/2013	3rd	1st	128,197	CDI	0.90%	128,989	133,624
9/15/2013	3rd	2nd	269,338	IPCA	5.10%	343,433	320,419
9/15/2013	3rd	3rd	142,465	IPCA	5.57%	181,622	166,300
Transaction cost	3rd					(3,701)	(4,750)
12/15/2015	4th	1st	269,620	IPCA	7.14%	302,110	270,642
12/15/2015	4th	2nd	242,374	IPCA	7.48%	272,242	243,308
12/15/2015	4th	3rd	79,900	IPCA	7.36%	89,506	80,207
Transaction cost	4th					(9,947)	(11,560)
						1,304,254	**1,198,190**

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

	September 30, 2016	December 31, 2015
US Dollar	6,003,415	5,894,172
Brazilian Real	2,781,108	3,548,591
Pound Sterlind	230,954	312,940
	9,015,477	**9,755,703**

(i) At September 30, 2016, all debts denominated in US dollars have currency risk protection through derivatives. See details in 25.

Financial covenants

The Company and its subsidiaries are subject to certain restrictive financial covenants set forth in existing loans, financing and debentures agreements in relation to certain financial and non-financial indicators. Financial ratios are: (i) consolidated net comprehensive debt (Bank loans, bonds, leases, certificates of real estate receivables net of cash and cash equivalents, marketable securities and derivative instruments)/ EBITDA; (ii) EBITDA / consolidated financial results (considers only interest on debentures, loans / financing and derivative activities); (iii) equity / net assets, being item, and the item (iii) applicable only to the BNDES.

Except for BNDES, whose new net comprehensive debt indicators / EBITDA and ICD are yet to be set, all other creditors have agreed to a ratio of up to 5.5x net comprehensive debt / EBITDA. If the negotiations with BNDES require a lower leverage ratio, such ratio will be extended to all other creditors with equivalent covenants conditions. On September 30, 2016, quarterly financial covenants were met within the new established standards.

As at September 30, 2016, the Company and its subsidiaries were in compliance with all debt financial covenants.

17 Trade payables

	Parent company		Consolidated	
	September	December 31,	September	December 31,
Natural gas suppliers	-	-	1,376,294	1,489,552
Judicial deposits [(i)]	-	-	(294,976)	(294,976)
Material and services suppliers	708	1,151	305,577	350,246
	708	**1,151**	**1,386,895**	**1,544,822**

(i) On September 30, 2016, the amount of litigation price differences practiced by Petrobrás in gas supply is R$ 1,018,129, the amount guaranteed in the judicial deposit R$ 294,976 and the amount guaranteed by bond R$ 723,153.

18 Other taxes payable

	Parent Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Tax amnesty and refinancing program - Refis	26,209	30,789	26,209	30,789
COFINS - Revenue tax	3,289	11,905	24,915	20,815
PIS - Revenue tax	617	2,510	5,321	4,432
INSS - Social security	566	539	3,421	782
Other	404	508	14,488	17,215
ICMS – State VAT	1	4	91,785	71,438
	31,086	**46,255**	**166,139**	**145,471**
Current	**10,710**	**21,025**	**145,763**	**120,241**
Non-Current	**20,376**	**25,230**	**20,376**	**25,230**

19 Income tax and social contribution

a) Reconciliation of income and social contribution tax expenses:

	Parent company			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015 (restated)**	**January 1, 2015 to September 30, 2015 (restated)**
Profit (loss) before taxes	316,630	513,893	(159,328)	(335,567)
Income tax and social contribution at nominal rate (34%)	(107,654)	(174,724)	54,172	114,093
Adjustments to determine the effective rate				
Equity method investments (non taxable income)	114,363	458,463	106,091	207,956
Non-deductible expenses (donations, gifts, etc.)	(183)	(658)	(85)	(476)
Stock options	(723)	(2,168)	(932)	(2,797)
Out of period carryforward tax losses (reversals)	-	40,252	-	-
Differences in tax rates on earnings / losses of overseas companies	-	(20)	(22,037)	(33,587)
Compensation action	1,346	3,652	-	-
Other	(2,850)	(5,673)	(703)	(2,107)
Income tax and social contribution expense (current and deferred)	**4,299**	**319,124**	**136,506**	**283,082**

	Consolidated			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015 (restated)**	**January 1, 2015 to September 30, 2015 (restated)**
Profit (loss) before taxes	419,565	1,179,629	57,477	61,643
Income tax and social contribution at nominal rate (34%)	(142,652)	(401,074)	(19,542)	(20,959)
Adjustments to determine the effective rate				
Equity method investments (non taxable income)	139,578	371,507	8,614	84,754
Non-deductible expenses (donations, gifts, etc.)	(5,477)	(10,238)	(5,273)	(19,026)
Stock options	(723)	(2,168)	(932)	(2,797)
Interest capital - benefit	(8,330)	(21,590)	(12,818)	(18,938)
Out of period carryforward tax losses (reversals)	1,003	40,169	1,723	1,586
Differences in tax rates on earnings / losses of overseas companies	(4,332)	(42,905)	14,723	17,271
Compensation action	1,346	3,652	-	-
Other	(5,490)	(13,180)	(1,042)	(1,522)
Income tax and social contribution expense (current and deferred)	**(25,077)**	**(75,827)**	**(14,547)**	**40,369**

b) Deferred income tax assets and liabilities:

	Parent Company				
	September 30, 2016				December
	Base	IRPJ	CSLL	Total	31, 2015
Tax loss carryforwards:					
Income tax loss carryforwards	1,127,921	281,980	-	281,980	120,391
Social contribution tax loss carryforwards	1,139,344	-	102,541	102,541	44,369
Temporary differences:	-	-	-	-	-
Foreign currency gains/losses	1,508,828	377,207	135,795	513,002	775,033
Tax deductible goodwill	(64,185)	(16,046)	(5,777)	(21,823)	(21,823)
Provision for judicial demands	208,586	52,146	18,773	70,919	60,288
Allowance for doubtful accounts	184,080	46,020	16,567	62,587	7,107
Profit sharing	7,802	1,951	702	2,653	4,612
Derivatives instrumets unrealized gains	(416,690)	(104,173)	(37,502)	(141,675)	(413,686)
Other temporary differences	7,809	1,952	703	2,655	6,457
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,037)
Other	619,742	154,936	55,777	210,713	86,501
Total net liability		**(38,613)**	**(12,872)**	**(51,485)**	**(465,788)**

	Consolidated				
		September 30, 2016			December
	Base	IRPJ	CSLL	Total	31, 2015
Tax loss carryforwards:					
Income tax loss carryforwards	1,954,672	488,668	-	488,668	311,140
Social contribution tax loss carryforwards	1,973,313	-	177,598	177,598	113,688
Temporary differences:	-	-	-	-	-
Foreign currency gains/losses	1,658,622	414,656	149,276	563,932	891,270
Tax deductible goodwill	(134,113)	(33,528)	(12,070)	(45,598)	101,293
Provision for judicial demands	539,094	134,774	48,518	183,292	164,177
Allowance for doubtful accounts	329,909	82,477	29,692	112,169	60,229
Profit sharing	17,444	4,361	1,570	5,931	6,790
Derivatives instrumets unrealized gains	(388,748)	(97,187)	(34,987)	(132,174)	(435,946)
Other temporary differences	369,266	92,316	33,234	125,550	100,670
Review of useful life	(820,132)	(205,033	(73,812)	(278,845)	(100,153)
Gain on formation of Joint Venture	(3,338,342	(834,586	(300,451	(1,135,037	(1,135,037
Unrealized gains on investment properties	-	-	-	-	(62,069)
Assets held for sale	-	-	-	-	(1,255)
Concession contract	(32,648)	(8,162)	(2,938)	(11,100)	(12,552)
Regulatory asset	213,146	53,286	19,183	72,469	76,764
Gains or losses on actuarial liabilities	318,917	79,729	28,703	108,432	103,820
Business combination - Property and equipment	(3,525,358	(881,340	(317,282	(1,198,622	(1,234,094
Business combination – Other fair value	(126,628)	(31,657)	(11,397)	(43,054)	(66,404)
Other	567,945	141,986	51,115	193,102	38,342
Total net liability		**(599,240**	**(214,048**	**(813,287)**	**(1,079,327**
Deferred income tax – Assets				327,810	335,808
Deferred income tax – Liabilities				(1,141,097	(1,415,135
Total net deferred taxes				**(813,287)**	**(1,079,327**

c) Changes in deferred income taxes, net:

	Parent company	Consolidated
At December 31, 2015	(465,788)	(1,079,327)
Deffered tax record in Profit or Loss	334,132	67,256
Others comprehensive income	-	(354)
Discontinued operation	80,171	184,844
Business combinations	-	(4,522)
Other	-	18,816
At September 30, 2016	**(51,485)**	**(813,287)**

20 Provision for legal proceedings

	Provision for legal proceedings			
	Parent company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Tax	83,399	73,320	399,266	376,532
Civil	72,996	57,542	191,256	161,740
Labor	138,764	135,678	169,275	165,075
	295,159	**266,540**	**759,797**	**703,347**

Judicial deposits on September 30, 2016 and December 31, 2015 are as follows:

	Judicial deposit			
	Parent company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Tax	223,963	212,119	346,383	353,961
Civil and enviromental	14,302	13,797	18,528	19,465
Labor	28,768	26,597	43,213	39,641
	267,033	**252,513**	**408,124**	**413,067**

Changes in provision for judicial demands:

	Parent company			
	Tax	Civil	Labor	Total
At December 31, 2015	**73,320**	**57,542**	**135,678**	**266,540**
Provisions	4,789	18,023	20,940	43,752
Settlement / Write-offs	(1,571)	(17,457)	(34,641)	(53,669)
Monetary variation	6,861	14,888	16,787	38,536
At September 30, 2016	**83,399**	**72,996**	**138,764**	**295,159**

	Consolidated			
	Tax	Civil	Labor	Total
At December 31, 2015	**376,532**	**161,740**	**165,075**	**703,347**
Provisions	6,017	21,077	28,085	55,179
Settlement / Write-offs	(3,546)	(19,804)	(40,701)	(64,051)
Monetary variation	20,263	28,243	16,816	65,322
At September 30, 2016	**399,266**	**191,256**	**169,275**	**759,797**

a) Tax

The main tax lawsuits at September 30, 2016 and December 31, 2015, are as follows:

	Parent company		Consolidated	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
Compensation with FINSOCIAL (i)	-	-	265,830	255,022
INSS	52,208	48,884	61,853	57,916
ICMS credits	21,897	18,777	31,034	29,248
PIS and COFINS	201	-	330	-
IPI	1,136	1,105	1,136	1,105
IRPJ and CSLL	329	329	329	329
Others	7,628	4,225	38,754	32,912
	83,399	**73,320**	**399,266**	**376,532**

b) Cívil and labor

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

The Company and its subsidiaries are parties to labor claims filed by former employees and employees of service providers who question, among other, payment of overtime, night and dangerous, job reinstatement, compensation for accidents at work and back discounts made in payroll, such as confederal contributions, union dues and other.

Contingencies - Lawsuits considered as possible losses therefore not provided

a) Tax

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

	Parent company		Consolidated	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
ICMS- state VAT	1,416,583	1,348,914	1,735,380	1,678,491
Federal income taxes [(i)]	286,204	323,929	1,519,832	820,972
PIS and COFINS - revenue taxes	750,955	708,141	765,951	733,799
IRRF - whithholding tax	2,644	2,551	777,661	729,070
INSS - social security	567,864	541,700	614,839	577,686
IPI - excise tax	434,324	423,246	507,831	484,606
Compensation with IPI - IN 67/98	127,250	123,522	127,250	123,522
Other	540,785	524,031	776,398	768,728
	4,126,609	**3,996,034**	**6,825,142**	**5,916,874**

(i) The tax contingencies relate to the tax assessments mainly in the Federal sphere assessed as possible losses by the legal counsel and management and, therefore, no reserve was required. Until the date of approval of the interim financial statements, the Company had science assessment notice on goodwill amortization expense amounting possible is R$ 618,992The tax assessment is questioned at the administrative level.

b) Civil and labor

	Parent company		Consolidated	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
Civil	606,684	522,973	1,288,849	1,132,962
Labor	384,175	368,506	409,885	398,242
	990,859	**891,479**	**1,698,734**	**1,531,204**

21 Shareholders' equity

a. Share repurchase program

In September 30, 2016, the Company had 712,539 treasury shares, whose market price was R$ 37.71 (R$ 25.20 on December 31, 2015).

b. Other comprehensive income

		Comprehensive income			
	December 31, 2015	**Base**	**Deferred tax**	**Net**	**September 30, 2016**
Foreign currency translation differences - equity - accounted investee	(80,378)	63,987	-	63,987	(16,391)
Gain (loss) on cash flow hedge	(235,891)	(173,170)	-	(173,170)	(409,061)
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	-	-	190,735
Defined benefit plan actuarial gain (losses)	4,396	-	-	-	4,396
Gain in mensuration on derivative financial instrument	(60,631)	6,000	-	6,000	(54,631)
Available for sale financial assets from securities	30,739	746	(354)	392	31,131
Total	**(151,030)**	**(102,437)**	**(354)**	**(102,791)**	**(253,821)**
Attributable to:					
Owner of Cosan	(184,691)			(103,221)	(287,912)
Non-controlling interests	33,661			430	34,091

c. Dividends

On February 18, 2016 and May, 12 2016, the Board of Directors approved the payment of the Company's interim dividends in the amount of R$ 285,000 (two hundred eighty-five million reais) and 290,000 (two hundred ninety million reais) in accordance with Article 31 of the Company's bylaws, respectively, already settled.

22 Earnings per share

	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2016 to September 30, 2016	January 1, 2015 to September 30, 2015
Profit attributable from continued operation to ordinary equity holders for basic earnings	**320,929**	**833,017**	**(22,822)**	**(52,485)**
Profit attributable from discontinued operation to ordinary equity holders for basic earnings	**6,583**	**24,788**	**5,629**	**20,109**
Effect of dilution:				
Put option	(528)	(2,423)	-	-
Profit from continued operation attributable to ordinary equity holders adjusted for the effect of dilution	**320,401**	**830,594**	**(22,822)**	**(52,485)**
Profit from discontinued operation attributable to ordinary equity holders adjusted for the effect of dilution	**6,583**	**24,788**	**5,629**	**20,109**
Weighted average number of shares outstanding - basic	**406,193,675**	**405,972,990**	**405,856,814**	**405,856,814**
Effect of dilution:				
Stock option	2,213,064	1,674,941	931,115	827,195
Put option	5,880,423	5,880,423	-	-
Weighted average number of shares outstanding - diluted	**414,287,162**	**413,528,354**	**406,787,929**	**406,684,009**
Basic earnings per share	R$0.79009	R$2.05190	(R$0.05623)	(R$0.12932)
Basic earnings per share from descontinued operation	R$0.01621	R$0.06106	R$0.01387	R$0.04955
Diluted earnings per share	R$0.77338	R$2.00855	(R$0.05610)	(R$0.12906)
Diluted earnings per share from descontinued operation	R$0.01589	R$0.05994	R$0.01384	R$0.04945

23 Other income (expense), net

	Parent company			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015**	**January 1, 2015 to September 30, 2015**
Provisions for legal proceedings	(17,060)	(73,790)	(14,074)	(29,747)
Corporate transactions cost	(323)	(323)	(59)	(101,423)
Other	1,779	4,136	1,545	4,557
	(15,604)	**(69,977)**	**(12,588)**	**(126,613)**

	Consolidated			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015**	**January 1, 2015 to September 30, 2015**
Profit on disposal of non-current assets	(3,741)	(6,399)	(103)	(2,762)
Provisions for legal proceedings	(17,043)	(75,965)	(14,431)	(32,301)
Corporate transactions cost [(i)]	(323)	(323)	(59)	(101,423)
Other	(558)	2,501	2,157	2,492
	(21,665)	**(80,186)**	**(12,436)**	**(133,994)**

(i) Relates to costs incurred by the Company with lawyers, consultants, business advisors and other related services for certain internal reorganizations and prospective acquisitions.

24 Financial results

	Parent Company			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015**	**January 1, 2015 to September 30, 2015**
Cost of gross debt				
Interest on debt	(1,768)	(8,973)	(1,542)	(3,968)
Monetary and exchange rate variation	(3,643)	65,812	(87,109)	(131,828)
Derivative and fair value [(i)]	94,083	(972,773)	767,021	1,222,454
Amortization of funding expenditure	(1,032)	(4,789)	-	-
	87,640	**(920,723)**	**678,370**	**1,086,658**
Financial investment income	8,319	56,929	8,004	24,890
	8,319	**56,929**	**8,004**	**24,890**
Cost of debt, net	**95,959**	**(863,794)**	**686,374**	**1,111,548**
Other charges and monetary variations				
Interest on other receivables	7,981	37,779	4,578	13,955
Interest on other financial assets	20,894	20,894	-	-
Interest on capital	24,500	63,500	-	-
Interest on other liabilities	(60,613)	(339,147)	(66,232)	(199,945)
Bank charges	(10,223)	(24,071)	(18)	(10,461)
Exchange variation	(51,177)	439,962	(1,053,398)	(1,644,462)
	(68,638)	**198,917**	**(1,115,070)**	**(1,840,913)**
Financial results, net	**27,321**	**(664,877)**	**(428,696)**	**(729,365)**
Financial expenses	(133,306)	(541,561)	(114,404)	(350,152)
Financial income	64,525	185,102	58,608	117,656
Exchange variation	(47,777)	853,877	(1,130,449)	(1,706,861)
Derivatives	143,879	(1,162,295)	757,549	1,209,992
Financial results, net	**27,321**	**(664,877)**	**(428,696)**	**(729,365)**

	Consolidated			
	July 1, 2016 to September 30, 2016	**January 1, 2016 to September 30, 2016**	**July 1, 2015 to September 30, 2015**	**January 1, 2015 to September 30, 2015**
Cost of gross debt				
Interest on debt	(178,785)	(561,154)	(137,408)	(407,796)
Monetary and exchange rate variation	(52,844)	1,022,222	(1,011,731)	(1,572,615)
Derivative and fair value [(i)]	(69,636)	(1,337,448)	890,079	1,236,126
Amortization of funding expenditure	(7,272)	(69,781)	-	-
Discounts obtained from financial operations	688	85,962	-	-
Guarantees and warranties about split	(12,797)	(35,774)	(6,212)	(17,549)
	(320,646)	**(895,973)**	**(265,272)**	**(761,834)**
Income from financial investment	71,333	241,084	62,550	157,561
	71,333	**241,084**	**62,550**	**157,561**
Cost of debt, net	**(249,313)**	**(654,889)**	**(202,722)**	**(604,273)**
Other charges and monetary variations			**-**	
Interest on other receivables	35,781	126,061	62,770	81,887
Interest on other financial assets	20,894	20,894	-	-
Interest on other liabilities	(98,273)	(454,398)	(54,267)	(186,021)
Bank charges	(10,602)	(30,158)	(9,619)	(36,226)
Exchange variation	(1,989)	(18,146)	(3,486)	(11,839)
	(54,189)	**(355,747)**	**(4,602)**	**(152,199)**
Financial results, net	**(303,502)**	**(1,010,636)**	**(207,324)**	**(756,472)**
Financial expenses	(590,371)	(1,427,691)	(269,904)	(828,668)
Financial income	186,353	621,960	137,374	271,117
Exchange variation	(52,518)	1,018,309	(180,793)	(641,767)
Derivatives	153,034	(1,223,214)	105,999	442,846
Financial results, net	**(303,502)**	**(1,010,636)**	**(207,324)**	**(756,472)**

(i) The balance of fair value that were presented under interest and monetary variation on September 31, 2015 were relocated to the caption derivatives and fair value for better presentation these financial statements. The impact of reallocating the number of September 31, 2015 was R$ 127,184.

25 Financial instruments

Financial risk management

Overview

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

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the exposure of the Company and its subsidiaries to the above risks, as well as the objectives of the Company's risk management policies, these policy and processes for the assessment and management of risks.

The carrying amount of financial assets and financial liabilities are as follows:

	September 30, 2016	December 31, 2015
Assets		
Fair value through profit or loss		
Exclusive funds	2,003,117	2,185,352
Investment securities	-	97,222
Other financial assets	72,554	144,208
Derivative financial intrument	1,220,729	2,292,859
	3,296,400	**4,719,641**
Loans and receivables		
Cash and cash equivalents	978,028	944,178
Trade receivables	813,917	799,307
Receivables from related parties	251,537	307,944
Dividends receivable	4,981	11,321
	2,048,463	**2,062,750**
Total	**5,344,863**	**6,782,391**
Liabilities		
Liabilities amortized cost		
Loans, borrowings and debentures	4,451,132	5,353,958
Trade payables	1,386,895	1,544,822
Payables to related parties	126,260	114,559
Dividends payable	21,202	41,656
Tax installments - REFIS	26,209	30,789
Preferred shareholders payable in subsidiaries	2,023,988	2,042,878
Other financial liabilities	22,304	-
Other	160,123	147,224
	8,218,113	**9,275,886**
Fair value through profit or loss		
Loans, borrowings and debentures	4,564,345	4,401,745
Contingent consideration	146,523	217,377
Pension and post-employment benefits	357,966	344,334
Derivative financial instruments	610,107	740,718
	5,678,941	**5,704,174**
	13,897,054	**14,980,060**

Risk management structure

As at September 30, 2016 and December 31, 2015, the fair values relating to transactions involving derivative financial instruments to protect the Company's risk exposure were using observable inputs such as quoted prices in active markets, or discounted cash flows based on market curves, and are presented below:

	Notional		Fair value	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
Exchange rate derivatives				
Forward agreements	47,474	2,058,190	(5,430)	46,200
	47,474	2,058,190	(5,430)	46,200
Interest rate and exchange rate risk				
Swap agreements (interest rate)	1,816,934	900,634	104,552	(69,964)
Cross currency interest rate swaps	4,106,780	3,889,822	511,500	1,575,905
	5,923,714	4,790,456	616,052	1,505,941
Total financial instruments			**610,622**	**1,552,141**
Assets			**1,220,729**	**2,292,859**
Liabilities			**(610,107)**	**(740,718)**

Credit risk

	September 30, 2016	**December 31, 2015**
Cash and cash equivalents[(i)]	2,981,145	3,129,530
Trade receivables[(ii)]	813,917	799,307
Derivative financial instruments	1,220,729	2,292,859
Investment securities	-	97,222
Other financial assets	72,554	144,208
Dividends receivable	4,981	11,321
	5,093,326	**6,474,447**

(i) The Company held cash and cash equivalents of R$ 2,981,145 at Spetember 30, 2016 (R$ 3,129,530 at December, 31 2015). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA e A.

The position of derivative financial instruments considers the net exposure of derivatives having exactly the same flow, with the same bank, and counter signs.

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

	September 30, 2016	December 31, 2015
AAA	-	1,116,836
AA	2,547,922	3,701,377
A	997,925	297,761
BBB	106,772	542,706
	3,652,619	**5,658,680**

(ii) Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at September 30, 2016 and December 31, 2015 is the carrying amounts as illustrated in note 16. The Company's maximum exposure for financial guarantees and financial derivative instruments are as below.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As mentioned in Note 1, Management has been working on measures to enable the Company to honor its Commitments.

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

	September 30, 2016					December 31, 2015
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total	Total
Loans, borrowings and debentures	(1,920,692)	(2,246,544)	(4,691,695)	(7,593,041)	(16,451,972)	(17,936,372)
Trade payables	(1,386,895)	-	-	-	(1,386,895)	(1,544,822)
Derivative financial instruments	(111,894)	(451,305)	(14,991)	(183,237)	(761,427)	-
Other financial liabilities	(22,304)	-	-	-	(22,304)	-
REFIS	(6,802)	(5,331)	(10,574)	(8,836)	(31,543)	(34,503)
	(3,448,587)	**(2,703,180)**	**(4,717,260)**	**(7,785,114)**	**(18,654,141)**	**(19,515,697)**

Market risk

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

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

a) Foreign exchange risk

As at September 30, 2016 and December 31, 2015, the Company and its subsidiaries had the following net exposure to the exchange rate variations on assets and liabilities denominated in Brazilian *Reais*:

	September 30, 2016		December 31, 2015	
	R$	US$	R$	US$
Cash and cash equivalents	682,870	210,360	123,038	31,509
Trade receivables	13,338	4,109	16,112	4,126
Loans, borrowings and debentures	(6,003,415)	(1,849,367)	(5,894,172)	(1,509,468)
Contingent consideration	(52,392)	(16,139)	(65,064)	(16,663)
Derivative financial instruments (notional)	4,813,998	1,482,964	5,959,411	1,526,176
Foreign exchange exposure, net	**(545,601)**	**(168,074)**	**139,325**	**35,680**

Sensitivity analysis on changes in foreign exchange rates:

The probable scenario was defined based on the U.S. Dollar market rates as at September 30, 2016, which determines the fair values of the derivatives at that date. Stressed scenarios (positive and negative effects, before tax effects) were defined based on changes of a 25% and 50% to the U.S. Dollar exchange rates used in the probable scenario.

Based on the financial instruments denominated in U.S. Dollars at September 30, 2016, the

Company performed a sensitivity analysis by increasing and decreasing the exchange rate for R$/US$ by 25% and 50%. The probable scenario considers the estimated exchange rates at the due date of the transactions for the companies with functional currency Real (positive and negative, before tax effects), as follows:

		Exchange rate sensitivity analysis (R$/US$)				
						Scenario
	September 30, 2016	**Probable**	**25%**	**50%**	**-25%**	**-50%**
At September 30, 2015	3.2462	3.5731	4.4664	5.3597	2.6798	1.7866

The external source used by the Company for market projections is the BM&F BOVESPA and Banco Central do Brasil.

Considering the above scenario the profit or loss would be impacted as follows:

		Variation scenario				
Instrument	**Risk factor**	**Probable**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	USD fluctuation	68,767	187,910	375,819	(187,910)	(375,819)
Trade receivables	USD fluctuation	1,343	3,670	7,340	(3,670)	(7,340)
Exchange rate derivatives (notional)	USD fluctuation	(4,957)	10,020	20,040	(10,020)	(20,040)
Exchange rate and interest derivatives (notional)[(i)]	USD and CDI fluctuation	397,241	1,279,895	2,559,790	(1,279,895)	(2,559,790)
Loans, borrowings and debentures	USD fluctuation	(604,558)	(1,651,996)	(3,303,992)	1,651,996	3,303,992
Contingent consideration	USD fluctuation	(5,276)	(14,417)	(28,834)	14,417	28,834
Impacts on profit or loss		**(147,440)**	**(184,918)**	**(369,837)**	**184,918**	**369,837**

(i) For sensitivity analysis, it's only considered exchange rate swaps for Notional.

b) Interest rate risk

The Company and its subsidiaries monitor the fluctuations in variable interest rates in connection with its borrowings, especially those that accrue interest using LIBOR, and uses derivative instruments in order to minimize variable interest rate fluctuation risks.

Sensitivity analysis on changes in interest rates:

A sensitivity analysis on the interest rates on loans and borrowings in compensation for the CDI investments with pre-tax increases and decreases of 25% and 50% is presented below:

					September 30, 2016
Exposure interest rate[(i)]	**Nominal amount**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	369,731	92,433	184,866	(92,433)	(184,866)
Interest rate derivatives	104,552	(238,427)	(519,450)	345,927	775,238
Loans, borrowings and debentures	(1,100,664)	(257,370)	(514,741)	257,370	514,741
Impacts on profit or loss	**(626,381)**	**(403,364)**	**(849,325)**	**510,864**	**1,105,113**

The probable scenario considers the projections of the Company to interest rates, as follows:

	Probable	**25%**	**50%**	**-25%**	**-50%**
SELIC	12.50%	15.63%	18.75%	9.38%	6.25%
CDI	12.48%	15.60%	18.72%	9.36%	6.24%
TJ462	8.50%	10.63%	12.75%	6.38%	4.25%
TJLP	7.50%	9.38%	11.25%	5.63%	3.75%

The external source used by the Company for market projections is the BM&F BOVESPA and Banco Central do Brasil.

Financial instruments fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The cash and cash equivalents, accounts receivable, trade receivables, trade payables and other current liabilities approximate their carrying amount largely due to the short-term maturity of these instruments.

- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- The market value of the Senior Notes Due 2018, 2023 and 2027 listed on the Luxembourg Stock Exchange (note 16 is based on their quoted market price as of September 30, 2016, of 95.55 % (78.71% on December 31, 2015) and 97.54% (83.83% on December 31, 2015) and 104.53%, respectively, of the face nominal value.

- The fair value of Perpetual Notes listed on the Luxembourg Stock Exchange (note 16) is based on their quoted market price as September 30, 2016 of 99.52% (79.64% on December 31, 2015) of the face value of obligations.

- The fair value of other loans and financing, the respective market values substantially approximate the amounts recorded due to the fact that these financial instruments are subject to variable interest rates (note16).

The Company and its subsidiaries enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with observable market data refer mainly to interest rate swaps and foreign exchange forward contracts. The fair value of derivative financial instruments is determined using valuation techniques and observable market data. The valuation techniques applied more often include pricing models and swaps contracts, with a present value calculation. The models consider various data, including counterparty credit quality, spot exchange rates, forward curves of interest rates and curves of the commodity term rates.

The carrying amounts and fair value of financial assets and financial liabilities are as follows:

	Carrying amount		Assets and liabilities measured at fair value			
			September 30, 2016		December 31, 2015	
	September 30, 2016	December 31, 2015	Level 1	Level 2	Level 1	Level 2
Assets						
Exclusive funds	2,003,117	2,185,352	-	2,003,117	-	2,185,352
Investment securities	-	97,222	-	-	-	97,222
Other financial assets	72,554	144,208	72,554	-	-	144,208
Derivate financial instruments	1,220,729	2,292,859	-	1,220,729	-	2,292,859
Total	**3,296,400**	**4,719,641**	**72,554**	**3,223,846**	**-**	**4,719,641**
Liabilities						
Loans, borrowings and debentures	(4,564,345)	(4,401,745)	-	(4,564,345)	-	(4,401,745)
Pension and post-employment benefits	(357,966)	(344,334)	-	(357,966)	-	(344,334)
Contingent consideration	(146,523)	(217,377)	-	(146,523)	-	(217,377)
Derivative financial instruments	(610,107)	(740,718)	-	(610,107)	-	(740,718)
Other financial liabilities	(22,304)	-	-	(22,304)	-	-
Derivative financial instruments	(160,123)	(147,224)	-	(160,123)	-	(147,224)
Total	**(5,861,368)**	**(5,851,398)**	**-**	**(5,861,368)**	**-**	**(5,851,398)**

Hedge accounting – Fair value

Currently the Company has adopted the fair value hedge for some of its operations that both the hedging instruments and the hedged items are accounted for at fair value through profit or loss. Operations and accounting effects of this adoption are as follows:

	Debt	Derivative	Total
At December 31, 2015	2,522,772	(822,586)	1,700,186
Interest amortization	(72,662)	241,521	168,859
Fair value	(293,891)	424,964	131,073
At September 30, 2016	**2,156,219**	**(156,101)**	**2,000,118**

Capital management

The Company's policy is to maintain a robust capital base to promote the confidence of investors, creditors and the market, and to ensure the future development of the business. Management monitors that the return on capital is adequate for each of its businesses.

26 Post-employment benefits

	September 30, 2016	December 31, 2015
Futura	48,559	48,414
Futura II	145	222
COMGÁS	309,262	295,698
	357,966	**344,334**

During the period ended September 30, 2016, the expense recognized in relation to the actuarial contributions was R$ 18,934 (R$ 17,006 on September 30, 2015).

27 Share-based payment

The vesting period and share options outstanding at the end of the period are as follows:

				Number of instruments					
Share option programmes	**Expected life (years)**	**Interest rate**	**Expected volatility**	**Granted**	**Outstanding**	**September 30, 2016**	**Market price on grant date**	**Exercise price at September 30, 2015**	**Fair value at grant date - R$[(i)]**
August 18, 2011 - *Tranche A*	1 to 5	12.39%	31.44%	4,825,000	(2,720,000)	1,785,000	22.98	24.02	6.80
August 18, 2011 - *Tranche B*	1 to 10	12.39%	30.32%	5,000,000	(1,100,000)	3,900,000	22.98	24.02	8.15
December 12, 2012 - *Tranche C*	1 to 5	8.78%	31.44%	700,000	(48,000)	652,000	39.80	42.08	10.10
April 24, 2013	5	13.35%	27.33%	970,000		945,000	46.51	48.23	17.95
April 25, 2014	5	12.43%	29.85%	960,000		945,000	37.10	39.24	15.67
August 31, 2015	5	14.18%	33.09%	759,000		759,000	18.15	19.94	7.67
				13,214,000	**(3,868,000)**	**8,986,000**			

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

The number and weighted-average exercise prices of share options under the share option programs were as follows:

	Number of options	**Weighted average**
December 31, 2015	**9,671,000**	**28.35**
Cancellation or settlements	(40,000)	
Share options exercised	(645,000)	26.65
September 30, 2016	**8,986,000**	**29.13**

28 Subsequent events

28.1 Approval of the sale's shares - Radar and Radar II

On October 18, 2016, CADE approved the sale of the Radar and Radar II stocks', in which Cosan agrees to sell to Mansilla part of its interests held in the companies (see note 13). On November 4, 2016 was the receipt of the sale.

Companhia de Gás de São Paulo - COMGÁS

Interim Financial statements as of September 30, 2016
(A free translation of the original report in Portuguese containing financial statements prepared in accordance with accounting practices adopted in Brazil)

KPDS 168732

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Review report on the interim financial statements - ITR

To the Board of Directors and Shareholders of
Companhia de Gás de São Paulo - COMGÁS
São Paulo - SP

Introduction
We have reviewed the accompanying interim financial information of Companhia de Gás de São Paulo - COMGÁS ("The Company"), included in the Quarterly Information Form - ITR for the quarter ended September 30, 2016, which comprises the statement of financial position as of September 30, 2016 and the respective statements of profit or loss, comprehensive income (loss) for the three and nine-month periods then ended, and the respective statements of changes in equity and cash flows for the nine-month period then ended, including the notes.

Management is responsible for the preparation of the interim financial information in accordance with Technical Pronouncement CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

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

Other matters

Statement of value added
We have also reviewed the statements of value added (DVA), for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's management, whose presentation on the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM applicable to the preparation of Quarterly Information - ITR, and considered as supplementary information by IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and based on our review, nothing has come to our attention that causes us to believe that it is not prepared, in all material respects, in accordance with the interim financial information taken as a whole.

São Paulo, October 28, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Rogério Hernandez Garcia
Accountant CRC 1SP213431/O-5

Companhia de Gás de São Paulo - COMGÁS

Statement of financial position
September 30, 2016 and December 31, 2015
(In thousands of Brazilian Reais - R$)

	Note	September 30, 2016	December 31, 2015
Assets			
Current			
Cash and cash equivalents	5	1,691,599	1,967,643
Trade receivables	6	538,931	513,981
Inventories	7	138,783	134,347
Recoverable taxes	9	84,457	117,064
Derivative financial instruments	19	21,278	26,954
Receivables from related parties	10	1,198	1,240
Other		28,971	28,751
		2,505,217	**2,789,980**
Non-current			
Long-term assets			
Trade receivables	6	32,450	37,036
Transportation paid and not used	8	245,064	204,725
Recoverable taxes	9	11,922	13,540
Derivative financial instruments	19	464,839	638,078
Deferred tax assets	14	303,831	593,443
Judicial deposits		47,103	43,495
Other		1,715	1,343
		1,106,924	**1,531,660**
Intangible assets	11	**4,556,437**	**4,546,391**
		5,663,361	**6,078,051**
Total Assets		**8,168,578**	**8,868,031**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of financial position
September 30, 2016 and December 31, 2015
(In thousands of Brazilian Reais - R$)

Liabilities and equity	Note	September 30, 2016	December 31, 2015
Current			
Loans, financing and debentures	12	589,834	576,723
Trade payables	13	1,172,843	1,302,397
Other financial liabilities		4,680	-
Payable to related parties	10	3,648	3,095
Salaries and social payable		51,465	60,523
Income tax		199,443	96,279
Dividends and interest on capital payable		611	3,426
Advances from customers and other		1,006	1,006
Other payable		6,069	4,525
		2,029,599	**2,047,974**
Non-current liabilities			
Loans, financing and debentures	12	2,976,268	3,246,344
Advances from customers and other		20,780	21,815
Post-employment benefits	20	309,262	295,698
Provision for judicial demands	15	83,881	74,798
		3,390,191	**3,638,655**
Total liabilities		**5,419,790**	**5,686,629**
Shareholder´s equity	16		
Share capital		1,312,376	1,143,548
Capital reserve		395,133	563,961
Revaluation reserve		6,134	6,363
Profit reserve		325,459	1,525,230
Carrying value adjustments		(57,700)	(57,700)
Retained earning		767,386	-
		2,748,788	**3,181,402**
Total liabilities and shareholder´s equity		**8,168,578**	**8,868,031**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of profit or loss
September 30, 2016 and December 31, 2015
(In thousands of Brazilian Reais - R$)

	Note	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015	January 1, 2015 to September 30, 2015
Net sales		**1,379,128**	**4,333,163**	**1,743,099**	**4,948,174**
Sales of gas		1,292,954	4,066,819	1,622,822	4,618,671
Construction revenue - ICPC 01		77,582	231,869	109,959	303,683
Other revenues		8,592	34,475	10,318	25,820
Cost of gas		**(763,699)**	**(2,321,714)**	**(1,241,425)**	**(3,487,020)**
Cost of gas		(557,486)	(1,618,124)	(957,089)	(2,707,471)
Transportation and other		(128,631)	(471,721)	(174,377)	(475,866)
Construction - ICPC 01		(77,582)	(231,869)	(109,959)	(303,683)
Gross profit		**615,429**	**2,011,449**	**501,674**	**1,461,154**
Selling expenses		(36,206)	(108,918)	(35,312)	(100,876)
General and administrative expenses		(188,579)	(527,331)	(169,580)	(509,898)
Other operating expenses		726	(1,930)	(103)	(2,762)
Gross expenses		**391,370**	**1,373,270**	**296,679**	**847,618**
Financial results	18	**(55,668)**	**(197,676)**	**890**	**(131,362)**
Financial incomes		81,745	228,697	100,219	179,888
Financial costs		(137,413)	(426,373)	(99,329)	(311,250)
Profit before income tax and social contribution		**335,702**	**1,175,594**	**297,569**	**716,256**
Income tax and social contribution	14	**(119,720)**	**(408,208)**	**(105,230)**	**(257,931)**
Current		1,057	(118,596)	(6,134)	(107,402)
Deferred		(120,777)	(289,612)	(99,096)	(150,529)
Profit for the period		**215,982**	**767,386**	**192,339**	**458,325**
Basic and diluted earnings per share attributed to the owners of the Company	17				
R$ per share					
Common shares		1.66	5.90	1.48	3.52
Preferred shares		1.83	6.49	1.63	3.88
Total		**1.70**	**6.03**	**1.51**	**3.60**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of comprehensive income
September 30, 2016 and December 31, 2015
(In thousands of Brazilian Reais - R$)

	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015	January 1, 2015 to September 30, 2015
Profit for the period	**215,982**	**767,386**	**192,339**	**458,325**
Total comprehensive income	**215,982**	**767,386**	**192,339**	**458,325**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of changes in shareholder´s equity
September 30, 2016 and 2015
(In thousands of Brazilian Reais - R$)

		Capital reserves				Revenue reserves		
	Share capital	Tax Incentives	For future capitalization	Special goodwill reserve	Revaluation reserves	Legal reserve	Profit retention	Retained earning
At January 01, 2016	**1,143,548**	**1,201**	**168,828**	**393,932**	**6,363**	**189,955**	**1,335,275**	**-**
Profit for the period	-	-	-	-	-	-	-	767,386
Comprehensive income								
Realization of revaluation reserve	-	-	-	-	(229)	-	229	-
Total comprehensive income for the period	-	-	-	-	(229)	-	229	767,386
Dividends	-	-	-	-	-	-	(1,200,000)	-
Capital increase	168,828	-	(168,828)	-	-	-	-	-
Total contributions by and distributions to owners	168,828	-	(168,828)	-	-	-	(1,200,000)	-
At September 30, 2016	**1,312,376**	**1,201**	**-**	**393,932**	**6,134**	**189,955**	**135,504**	**767,386**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of changes in shareholder's equity
September 30, 2016 and 2015
(In thousands of Brazilian Reais - R$)

		Capital reserves				Revenue reserves		
	Share capital	Tax Incentives	For future capitalization	Special goodwill reserve	Revaluation reserves	Legal reserve	Profit retention	Retained earning
At January 01, 2015	**1,002,858**	**1,201**	**140,690**	**562,760**	**7,523**	**154,954**	**1,297,693**	**-**
Profit for the period	-	-	-	-	-	-	-	458,325
Comprehensive income								
Realization of revaluation reserve	-	-	-	-	(970)	-	970	-
Total comprehensive income for the period	-	-	-	-	(970)	-	970	458,325
Dividends	-	-	-	-	-	-	(309,099)	-
Capital increase	140,690	-	(140,690)	-	-	-	-	-
Total contributions by and distributions to owners	140,690	-	(140,690)	-	-	-	(309,099)	-
At September 30, 2015	**1,143,548**	**1,201**	**-**	**562,760**	**6,553**	**154,954**	**989,564**	**458,325**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of cash flows
September 30, 2016 and 2015
(In thousands of Brazilian Reais - R$)

	January 1, 2016 to September 30, 2016	January 1, 2015 to September 30, 2015
Cash flows from operating activities		
Profit before taxes	1,175,594	716,256
Adjustments for:		
Amortization	283,851	268,997
Loss on the disposal of intangible assets	3,795	5,633
Interest and monetary variations	313,244	234,514
Provision for judicial demands	5,534	1,778
Post-employment benefits	13,564	12,888
Impairment of trade receivables	11,410	13,911
Other	(4,405)	3,488
	1,802,587	**1,257,465**
Variations in:		
Trade and other receivables	(22,946)	15,194
Inventories	(6,088)	(8,802)
Trade payables	(182,944)	456,513
Taxes and contributions	137,016	18,611
Provisions and profit sharing	(9,172)	(2,345)
Transportation paid and not used	(40,339)	(45,009)
Other	(8,172)	8,538
	(132,645)	**442,700**
Cash provided by operating activities	**1,669,942**	**1,700,165**
Interest paid	(151,787)	(106,322)
Income tax and social contribution paid	(42,267)	(62,728)
Net cash provided by operating activities	**1,475,888**	**1,531,115**
Cash flows from investing activities		
Additions to intangible assets	(292,751)	(382,659)
Net Cash used in investing activities	**(292,751)**	**(382,659)**
Cash flows from financing activities		
Proceeds from new loans and borrowings	113,159	299,303
Payment of principal - loans and borrowings	(369,525)	(617,696)
Dividends paid	(1,202,815)	(327,644)
Net cash used by financing activities	**(1,459,181)**	**(646,037)**
(Decrease) increase in cash and cash equivalents	**(276,044)**	**502,419**
Cash and cash equivalents at beginning of	1,967,643	973,707
Cash and cash equivalents at end of the period	**1,691,599**	**1,476,126**

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

Companhia de Gás de São Paulo - COMGÁS

Statement of value added
September 30, 2016 and 2015
(In thousands of Brazilian Reais - R$)

	January 1, 2016 to September 30, 2016	January 1, 2015 to September 30, 2015
Revenue		
Sale of gas	5,207,216	5,750,415
Other operating revenues	29,518	29,947
Allowance for doubtful accounts	(11,683)	(13,911)
Construction revenue - ICPC 01	231,869	303,683
Other income (expenses)	(1,930)	(2,762)
	5,454,990	**6,067,372**
Cost and expenses		
Cost of gas and transportation	(2,680,750)	(3,928,536)
Cost of sales and services	(14,029)	(15,218)
Construction costs - ICPC 01	(231,869)	(303,683)
Materials, services and other expenses	(143,773)	(134,401)
	(3,070,421)	**(4,381,838)**
Gross value added	**2,384,569**	**1,685,534**
Retention		
Amortization	(283,851)	(268,997)
	(283,851)	**(268,997)**
Net value added generated by the Company	**2,100,718**	**1,416,537**
Value added received through transfer		
Financial income	228,697	179,888
	228,697	**179,888**
Total value added to distribute	**2,329,415**	**1,596,425**
Distribution of value added		
Personnel and social charges	126,425	123,984
Taxes and contributions	997,483	689,254
Financial cost and rentals	438,121	324,862
Dividends	767,386	458,325
	2,329,415	**1,596,425**

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

1 General information

The main activity of Companhia de Gás de São Paulo - COMGÁS (the "Company") is the distribution of piped natural gas in part of the State of São Paulo (in approximately 180 municipalities, including the region referred to as Greater São Paulo) to industrial, residential, commercial, automotive, thermal-power generation and co-generation consumers.

COMGÁS is a public company headquartered in São Paulo, State of São Paulo, Brazil, and is listed on the São Paulo Stock Exchange (BOVESPA).

The Company is a direct subsidiary of Cosan S.A. Indústria e Comércio, which holds 62.65% of the Company's share capital.

The Concession Contract for the Exploration of Public Piped Gas Distribution Services was signed on May 31, 1999 with the conceding authority - represented by the Sanitation and Energy Regulatory Agency for the State of São Paulo (ARSESP, formerly Energy Public Utilities Commission (CSPE)).

The Contract grants and regulates the concession for the exploration of public piped gas distribution services for a period of 30 years, which may be extended for a further period of 20 years at the concessionaire's request.

ARSESP is responsible for the enforcement of the agreement and for regulating, controlling and overseeing the operations of energy operators in the State of São Paulo.

The Concession Contract describes the obligations of COMGÁS, the rules for tariff review on a five-year basis, and the quality and safety indicators with which the Company must comply. ARSESP Ordinance 160/01 sets out the general conditions of piped gas supply.

The Concession Contract determines that the Company's tariffs are to be revised once a year, in the month of May, to realign the prices it charges with the cost of the gas it purchases and adjust its distribution margin for inflation.

These interim financial statements were approved by the Company's Board of Directors on October, 18, 2016.

2 Presentation of interim statements and significant accounting policies

2.1 Basis of preparation

The interim financial statements have been prepared in accordance with CPC 21 - Interim Financial Reporting and international standards IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and complemented by the distribution of Public Service Accounts Plan gas, established by Ordinance ARSESP nº 22 of November 19, 1999, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of the Quarterly information - ITR.

The interim financial statements are presented in thousands of Reais, except where otherwise indicated, including the explanatory notes, and was prepared according to the basis of preparation and accounting policies consistent with those adopted in the preparation of the financial statements of December 31, 2015 and should be read together, except for the initial adoption of new accounting standards and interpretations that have been given effect from January 1, 2016 disclosed in note 3. The Company has not early adopted any other standard, interpretation or amendment which has been issued but is not effective.

The information notes that did not change significantly compared with the December 31, 2015 have not been fully presented in these interim financial statements.

All own relevant information of the interim financial statements, and only they, are being highlighted, and these correspond to those used by management in its management.

3 Standards, amendments and interpretations to existing Standards that are not yet effective

The following new standards and interpretations to existing standards were issued by the International Accounting Standards Board (IASB) but are not effective for 2016. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

- *IFRS 9 Financial Instruments*

  IFRS 9, published in July 2014, replacing the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement (Financial Instruments: Recognition and Measurement). IFRS 9 includes guidance revised on the classification and measurement of financial instruments, a new expected credit loss model for the calculation of the impairment of financial assets and new requirements for hedge accounting. The standard retains the existing guidance on the recognition and derecognition of financial instruments in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is evaluating the effects that IFRS 9 will have on financial statements and their disclosures.

- IFRS 15 *Revenue from Contracts with Customers*

  IFRS 15 requires an entity to recognize the amount of revenue reflecting the consideration that it expects to receive in exchange for control of those goods or services. The new standard will replace most of the detailed guidance on revenue recognition that currently exists in IFRS and accounting principles generally accepted in the United States ("U.S. GAAP") when adopted. The new standard is applicable from or after January 1, 2018. The standard may be adopted retrospectively, using an approach of cumulative effects. The Company is evaluating the effects that IFRS 15 will have on its financial statements and disclosures.

- IFRS 16 *Leasing*

  IFRS 16 requires an entity to recognize all leases in which the Company leases should be recognized in the balance sheet. The new standard is effective from or after January 1, 2019 and replaces IAS 17 - Leases.

There are no other IFRSs or IFRIC interpretations that are not effective and that is expected to have a significant impact on the Company.

4 Segment reporting

The Company´s management analyzes the financial performance considering the economic gross income separately by business segment. The regulatory agency "ARSESP" determines the rates for the various business segments. The Company does not make analysis of segment assets for business management. Finally, the definition generating unit, representing the lowest active in use generates cash input, in the context of the Company cannot be secreted by segment, for the same pipe distributes gas to different consumer segments.

The information by operating segment is presented consistently with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, is the executive board also responsible for making the strategic decisions of the Company.

The composition of the margin by segment is as follows:

							Margin per segmen
Segments	**Residential**	**Commercial**	**Industrial**	**Thermal power generation**	**Cogeneration**	**Automotive**	**Constructio revenue**
Volume (thousands of m³)	73,247	35,729	838,428	12,492	68,336	49,859	
Gross revenue	301,496	99,201	1,097,549	6,713	59,992	67,466	7
Deductions	(64,071)	(20,876)	(231,725)	-	(8,487)	(14,336)	
Net revenue	237,425	78,325	865,824	6,713	51,505	53,130	7
Regulatory assets (liabilities)	(1,655)	(833)	(20,246)	-	(950)	(11,331)	
Cost	(47,023)	(22,935)	(536,321)	(6,149)	(37,433)	(32,002)	(77
Economic gross profit	188,747	54,557	309,257	564	13,122	9,797	
Reversal of regulatory assets							
Gross profit							
Operating income (expenses)							
Expenses							
Selling							
General and administrative							
Other operating (income)							
Financial result							
Financial income							
Financial costs							
Profit before taxes							
Provision for income tax and							
Profit for the period							
Reconciliation of EBTIDA							
Profit for the period							
Provision for income tax and							
Financial result							
Amortization							
Other amortization							
EBTIDA							

Margin per segment - J

Segments	Residential	Commercial	Industrial	Thermal power generation	Cogeneration	Automotive	Constructi revenue
Volume (thousands of m³)	181,097	99,977	2,448,277	115,422	199,252	143,503	
Gross revenue	750,076	284,486	3,635,837	68,307	189,229	191,881	23
Deductions	(159,397)	(59,860)	(767,183)	-	(25,815)	(40,774)	
Net revenue	590,679	224,626	2,868,654	68,307	163,414	151,107	23
Regulatory assets (liabilities)	(29,881)	(17,786)	(442,253)	-	(14,426)	(27,174)	
Cost	(118,418)	(66,106)	(1,621,358)	(63,473)	(112,780)	(94,931)	(231
Economic gross profit	442,380	140,734	805,043	4,834	36,208	29,002	
Reversal of regulatory assets (liabilities)							
Gross profit							
Operating income (expenses)							
Expenses							
Selling							
General and administrative							
Other operating (income) expenses							
Financial result							
Financial income							
Financial costs							
Profit before taxes							
Provision for income tax and social							
Profit for the period							
Reconciliation of EBTIDA							
Profit for the period							
Provision for income tax and social							
Financial result							
Amortization							
Other amortization							
EBTIDA							

Segments	Residential	Commercial	Industrial	Thermal power generation	Cogeneration	Automotive	Margin per seg Constr reve
Volume (thousands of m³)	61,663	33,686	870,439	222,179	70,834	48,226	
Gross revenue	256,982	98,385	1,392,689	129,043	76,345	63,824	
Deductions	(54,610)	(20,678)	(294,233)	-	(11,363)	(13,562)	
Net revenue	202,372	77,707	1,098,456	129,043	64,982	50,262	
Regulatory assets (liabilities)	(584)	(15)	(4,259)	-	2,319	(131)	
Cost	(58,177)	(31,822)	(821,202)	(120,063)	(55,163)	(40,757)	
Economic gross profit	143,611	45,870	272,995	8,980	12,138	9,374	
Reversal of regulatory assets (liabilities)							
Gross profit							
Operating income (expenses)							
Expenses							
Selling							
General and administrative							
Other operating (income) expenses							
Financial result							
Financial income							
Financial costs							
Profit before taxes							
Provision for income tax and social							
Profit for the period							
Reconciliation of EBTIDA							
Profit for the period							
Provision for income tax and social							
Financial result							
Amortization							
Other amortization							
EBTIDA							

Segments	Residential	Commercial	Industrial	Thermal power generation	Cogeneration	Automotive	Margin per segr Co
Volume (thousands of m³)	157,278	94,895	2,649,147	702,770	218,372	146,205	
Gross revenue	640,731	267,306	4,026,618	379,188	238,300	184,524	
Deductions	(136,163)	(56,198)	(851,206)	-	(35,218)	(39,211)	
Net revenue	504,568	211,108	3,175,412	379,188	203,082	145,313	
Regulatory assets (liabilities)	(3,564)	(1,733)	(41,242)	-	(5,168)	3,931	
Cost	(137,610)	(83,051)	(2,314,759)	(351,339)	(159,316)	(123,084)	
Economic gross profit	363,394	126,324	819,411	27,849	38,598	26,160	
Reversal of regulatory assets (liabilities)							
Gross profit							
Operating income (expenses)							
Expenses							
Selling							
General and administrative							
Other operating (income) expenses							
Financial result							
Financial income							
Financial costs							
Profit before taxes							
Provision for income tax and social							
Profit for the period							
Reconciliation of EBTIDA							
Profit for the period							
Provision for income tax and social							
Financial result							
Amortization							
Other amortization							
EBTIDA							

5 Cash and cash equivalents

Cash and cash equivalents are substantially investments in Bank Deposit Certificates (CDBs) and private securities, and these instruments are highly liquid conferred by the financial institution that issued them.

	September 30, 2016	December 31, 2015
Cash and bank deposits	8,499	30,429
Financial Investments	1,683,100	1,937,214
	1,691,599	**1,967,643**

Financial investments are as follows:

	September 30, 2016	December 31, 2015
Bank investments		
Repurchase operations	1,285,734	1,263,188
Certificate of bank deposits	397,366	540,965
Other financial investments	-	133,061
	1,683,100	**1,937,214**

6 Trade receivables

	September 30, 2016	December 31, 2015
Receivables from gas	348,479	369,311
Receivables from gas - in installments [(i)]	16,968	14,970
Receivables from sale of equipment	16,520	22,696
Financing marketing program [(iii)]	26,340	25,474
Adjustments to present value	(4,209)	(3,910)
Unbilled revenue [(ii)]	298,359	240,570
Other [(iii)]	16,412	17,984
Allowance for doubtful accounts	(147,488)	(136,078)
	571,381	**551,017**
Current	**538,931**	**513,981**
Non-current	**32,450**	**37,036**

I. The amount receivable from gas in installments refer to the payment in installments of amounts due from customers. Cases of default with risks of realization are properly provisioned.

II. Unbilled gas refers to the portion of gas supplied in the month, for which metering and billing to customers have not yet occurred.

III. The balance of financing marketing program and other values that were presented under other accounts receivable at December 31, 2015 were reallocated to the item accounts receivable for better presentation. The impact of reallocation of numbers at December 31, 2015 was R$ 27,987.

7 Inventories

	September 30, 2016	December 31, 2015
Inventory of material for construction	86,873	86,981
Finished products	1,947	2,747
Sundry materials	49,963	44,619
	138,783	**134,347**

The provision for inventory obsolescence and slow moving is R$ 122 at September 30, 2016 (R$ 570 at December 31, 2015).

8 Transportation paid and not used

	September 30, 2016	December 31, 2015
Transportation paid and not used	**245,064**	**204,725**

The recovery of the balances related to the "transportation paid and not used" will be made automatically, with no charges to the Company, to the extent the transportation will be used above the contractually-stipulated percentage, as disclosed in Note 13.

9 Recoverable taxes

	September 30, 2016	December 31, 2015
Value-added Tax on Sales and Services (ICMS) - recoverable	33,894	46,246
Value-added Tax on Sales and Services (ICMS) on assets [(i)]	23,797	27,314
Social Contribution on Net Income (CSLL) - in advance	29,276	56,015
Social Integration Program (PIS) - recoverable	1,537	19
Contribution of Financing Social Security (COFINS) - in advance	7,080	88
Other	795	922
	96,379	**130,604**
Current	**84,457**	**117,064**
Non-current	**11,922**	**13,540**

(i) In 2016, the Company reviewed the basis for calculation of IR and CSLL for fiscal years 2011, 2012 and 2013, applying the useful life rates provided by IN 162/98 for all assets of the public piped gas distribution network, accounted for the tax impacts related to the income tax and social contribution calculations of these periods. The difference between the accounting and tax rates generated a tax credit for the Company in the amount of R$ 205,689 already accumulated with monetary update based on SELIC at the amount of R$ 75,196. At the same time booked deferred tax liabilities and social contribution liabilities, which will be held for the remaining term of the concession period as disclosed in Note 14, item b.

10 Related parties

a) Receivable and payment with related parties:

	September 30, 2016	December 31, 2015
Current assets		
Contractual operations		
Raízen Combustíveis S.A. (i)	1,062	1,104
Raízen Energia S.A. (ii)	136	136
	1,198	**1,240**
Current liabilities		
Contractual operations		
Raízen Energia S.A. (ii)	3,648	3,095
	3,648	**3,095**

b) Summary of transactions with related parties:

	September 30, 2016	December 31, 2015
Operation income		
Raízen Combustíveis S.A. (i)	9,372	11,272
Income (expense)		
Raízen Energia S.A. (ii)	(38,432)	(19,073)
Grupo Shell (iii)	-	(13,799)
	(38,432)	**(32,872)**

(i) **Raízen Combustíveis S.A.**
Accounts receivable related to gas supply to gas stations.

(ii) **Raízen Energia S.A. (RESA)**
The balances recorded as current liabilities represent services performed by the RESA.

(iii) **Grupo Shell**
Commercial Services Agreement (CSA) - the commercial personnel and services of Shell will be available so as to provide administrative support to the Company's business.

c) Management and director´s remuneration

The remuneration of management, which includes members of the Board of Directors and statutory directors, responsible for the planning, management and control of the Company's activities, is as follows:

	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015	January 1, 2015 to September 30, 2015
Salaries, including variable remuneration	5,007	10,523	2,630	19,000
Social charges	1,521	2,384	563	2,052
Benefits, healthcare and	70	203	87	240
Pension plan	57	166	-	-
	6,655	**13,276**	**3,280**	**21,292**

11 Intangible assets

	Intangible assets in service				
	Concession agreement (ii)	Customer loyalty efforts (i)	Computer software and other (i)	Intangible assets in progress	Total
Cost					
December 31, 2015	**5,754,348**	**1,088,511**	**293,943**	**225,110**	**7,361,912**
Additions	-	-	-	305,776	305,776
Disposals	(16,776)	(10,391)	-	-	(27,167)
Transfers	266,450	70,444	22,889	(359,783)	-
September 30, 2016	**6,004,022**	**1,148,564**	**316,832**	**171,103**	**7,640,521**
Amortization					
December 31, 2015	**(1,757,015)**	**(808,280)**	**(250,226)**	**-**	**(2,815,521)**
Additions	(172,101)	(96,248)	(15,502)	-	(283,851)
Disposals	9,821	5,467	-	-	15,288
Transfers	123	-	(123)	-	-
September 30, 2016	**(1,919,172)**	**(899,061)**	**(265,851)**	**-**	**(3,084,084)**
December 31, 2015	**3,997,333**	**280,231**	**43,717**	**225,110**	**4,546,391**
September 30, 2016	**4,084,850**	**249,503**	**50,981**	**171,103**	**4,556,437**

(i) Weighted average rate of 20% p.a.

(ii) Weighted average rate presented in the table below.

As a result of the adoption of the ICPC Interpretation 01 (R1), at January 1, 2009, the Company reclassified to "Intangible assets" the property, plant and equipment related to the Concession Agreement. These assets were as follows at September 30, 2016 and December 31, 2015:

	Land	Pipes	Buildings and improvement	Machines and equipment	Transportation on equipment	Administrative furniture and equipment	Total
Weighted average rate p.a. %		**3.4**	**2.7**	**5.4**	**20**	**10**	
Cost							
December 31, 2015	**27,139**	**3,330,876**	**68,084**	**512,280**	**7,221**	**51,733**	**3,997,333**
Additions / Transfers	-	194,307	3,358	61,279	1,072	6,557	266,573
Amortization	-	(129,187)	(3,090)	(31,857)	(2,270)	(5,697)	(172,101)
Disposals	-	(72)	-	(6,603)	(122)	(158)	(6,955)
September 30, 2016	**27,139**	**3,395,924**	**68,352**	**535,099**	**5,901**	**52,435**	**4,084,850**

The amounts recognized as "Intangible assets" and presented above represent the cost of the assets constructed or purchased, net of amortization, which are utilized for concession services.

The amortization, calculated on the estimated useful lives of assets, constructed in accordance with the concession agreement and which form an integral part of the tariff calculation basis of services, was R$ 172,101 and was charged to the statement of income for the period ended September 30, 2016.

The income tax and social contribution on the revaluation balance totaled R$ 3,173 ((Note 14) (b)) at September 30, 2016 (December 31, 2015 - R$ 3,292). The net amount related to the realization of the revaluation reserve is not considered in the dividend distribution calculation basis.

During the period ended September 30, 2016, the Company capitalized R$ 13,025 (September 30, 2015 - R$ 14,766), which was related to interest on loans obtained for the construction of those assets. The weighted average rate of the financial debt interest, used for capitalization of interest on the balance of work in progress, was 12.55% p.a. for the quarter ended September 30, 2016 (11.26% p.a. for the quarter ended September 30, 2015).

12 Loans, financing and debentures

	September 30, 2016		December 31, 2015	
	Current	**Non-current**	**Current**	**Non-current**
Loans and financing	488,191	1,773,657	548,326	2,076,551
Non-convertible debentures	101,643	1,202,611	28,397	1,169,793
	589,834	**2,976,268**	**576,723**	**3,246,344**

a. Loans and financing

		September 30, 2016		December 31, 2015	
	Charges - %	Current	Non-current	Current	Non-current
In local currency					
BNDES (Project V)	TJLP + 2.8 p.y	86,480	-	114,355	56,821
BNDES (Project VI)	TJ462 + 1.8 p.y	172,640	520,104	171,617	639,742
BNDES (Project VI)	SELIC + 1.8 p.y	69,017	212,127	62,532	238,806
BNDES (Project VI)	TJLP	1,440	1,552	1,427	2,598
BNDES (Project VII)	TJLP + 2.0 p.y	438	76,655	-	-
BNDES (Project VII)	SELIC + 1.96	34	40,267	-	-
Cost of transaction		(2,188)	(1,197)	(1,076)	(2,004)
		327,861	849,508	348,855	935,963
In foreign currency [(i)]					
EIB II - first release - USD	3.881 p.y	52,862	148,542	61,155	190,379
EIB II - second release - USD	2.936 p.y	11,851	79,473	27,824	99,953
EIB II - third release - USD	LIBOR 6M	44,359	152,083	50,185	191,759
EIB II - fourth release - USD	LIBOR 6M	39,820	140,982	46,844	200,915
SCOTIABANK - Resolution nº 4.131	2.7800 p.y	6,813	240,575	8,037	274,786
TOKYO - Resolution nº 4.131	2.8114 p.y	4,625	162,494	5,426	182,796
		160,330	924,149	199,471	1,140,588
		488,191	**1,773,657**	**548,326**	**2,076,551**

(i) For all loans in foreign currency, the Company contracts derivative financial instruments to hedge itself against possible variations in the foreign exchange rate.

The amounts classified as non-current have the following maturity by year:

	September 30, 2016	December 31, 2015
13 to 24 months	810,187	470,396
25 to 36 months	407,959	842,687
37 to 48 months	401,799	389,569
49 to 60 months	110,841	318,953
61 to 72 months	23,384	54,946
72 months or more	19,487	-
	1,773,657	**2,076,551**

The percentage of our debts is 80.57% floating and 19.43% fixed (2015 - 77.46% floating and 22.54% fixed).

The Company recognized the transaction cost related to the loans with the BNDES amounting to R$ 6,467, with amortization to R$ 3,082.

There were no cases of non-compliance or breach of contractual agreements with creditors during the period.

On September 30, 2016, the Company complies with all financial covenants.

b. Non-convertible debentures

				Interest		September 30, 2016		December 31, 2015	
Date of issue	Issue	Series	Quantity	Index	Annual interest	Current	Non-current	Current	Non-current
9/15/2013	3rd	1st	128.197	CDI	0.90%	43,520	85,469	5,427	128,197
9/15/2013	3rd	2nd	269.338	IPCA	5.10%	16,634	326,799	16,131	304,288
9/15/2013	3rd	3rd	142.465	IPCA	5.60%	9,553	172,069	9,219	157,081
Transaction cost	3rd					(1,396)	(2,305)	(1,397)	(3,353)
12/15/2015	4th	1st	269.620	IPCA	7.14%	15,628	286,482	370	270,272
12/15/2015	4th	2nd	242.374	IPCA	7.48%	14,710	257,532	348	242,960
12/15/2015	4th	3rd	79.900	IPCA	7.36%	4,761	84,745	113	80,094
Transaction cost	4th					(1,767)	(8,180)	(1,814)	(9,746)
						101,643	**1,202,611**	**28,397**	**1,169,793**

	3ª issuance (i)			4ª issuance (ii)			
Changes (iii)	**1ª issue**	**2ª issue**	**3ª issue**	**1ª issue**	**2ª issue**	**3ª issue**	**Total**
December 31, 2015	**133,624**	**320,419**	**166,300**	**270,642**	**243,308**	**80,207**	**1,214,500**
Repayment of interest	(18,749)	(17,413)	(10,058)	-	-	-	(46,220)
Monetary variation	-	26,921	17,726	16,210	14,571	4,653	80,081
Financial charges	14,114	13,506	7,654	15,258	14,363	4,646	69,541
September 30, 2016	**128,989**	**343,433**	**181,622**	**302,110**	**272,242**	**89,506**	**1,317,902**

(i) On September 15, 2013, debentures were issued on the 3rd issue of simple unsecured debentures not convertible into shares of the Company. The resources were raised in three series, amounting of R$ 540 million, and the total value of the first series corresponded to the amount of R$ 128,197; the total value of the second series corresponded to the amount of R$ 269,338 and the total value of the third series corresponded to R$ 142,465;

(ii) On December 15, 2015, debentures were issued on the 4th issue of simple unsecured debentures not convertible into shares of the Company. The resources were raised in three sets, amounting of R$ 591,894; and

(iii) The changes do not include transaction costs.

On September 30, 2016, the Company complies with all financial covenants.

13 Trade payables

	September 30, 2016	December 31, 2015
Natural gas suppliers	1,376,294	1,489,552
Material and services	91,525	107,821
Judicial deposits	(294,976)	(294,976)
	1,172,843	**1,302,397**

The Company has contracts for the supply of natural gas under the following conditions:

- Contract with PETROBRAS in firm mode, started in January 2008, with duration until December 2019, and with a daily amount of contract national gas of 5.22 million m³/day named Firme Nacional.

- Contract with PETROBRAS in firm mode, started in June 1999, with duration until June 2019, and with a daily amount of contract Bolivian gas of 8.10 million m³/day named TCQ.

- Two gas contracts entered in the Priority Thermal Power Program (Programa Prioritário de Termeletricidade, PPT) with PETROBRAS, for supply of 3.06 million m³/day, in which 2.76 million m³/day with the UTE-Fernando Gasparian with validity until June 30, 2016, renewed until December 31, 2016 and 0.3 million m³/day with INGREDION BRASIL INGREDIENTES INDUSTRIAIS LTDA., with validity until March 31, 2023.

- Contract with Gas Brasiliano in firm mode, started in April 2008, with validity until March 26, 2019, and with a monthly contracted average volume of 0.76 million m³ and an annual contracted volume of 9.12 million m³.

The natural gas supply contracts have specific characteristics, such as obligations of minimum withdrawal by the Company part (take or pay for commodity and ship or pay for shipping), which means if the Company consummates below the contractual obligations, would have to pay the differences between the volume consumed and the minimum contracted volumes, but in the contracts are established recovery rules (through consumption) these commitments paid and not used, even take or pay or ship or pay. The deadline for this recovery is 365 days after the end of the date of the contracts. During the period of validity the recovery is possible, provide that the consumption exceeds the minimum contracted amount. Within one year after the end of the initial term of the contracts the Company can recover the entire volume withdrawn, since the contract does not established minimum commitments for this period. The amounts paid and not used were recognized in the balance sheet under the caption "Transportation paid and not used".

The contracts for the supply of natural gas, Firme Nacional contract and TCQ, have their composite price built in two parts: a part that is indexed according to a basket of fuel oil in the international market and readjusted quarterly; and another part that is readjusted annually based on the domestic

and/or American inflation. The cost of gas is practiced in R$/m³, and the Bolivian gas is calculated at US$/MMBTU, with correction by the monthly exchange rate variation.

On February 25, 2014, COMGAS obtained a preliminary injunction against PETROBRAS, which assured the Company the right to provide a deposit of the controversial monthly value due to PETROBRAS, corresponding to the difference in prices between (i) the price in the TCQ Contract for the Supply of Gas signed between Comgás and Petrobras and (ii) the price under the Firm Contract signed between Petrobras and Gas Brasiliano Distribuidora S.A. , whereas the obligation of equality assumed before the Petrobras Group with the State Regulatory Agency - ARSESP. Initially, the security was provided by bank deposits which, subsequently, after the preliminary injunction was granted by the STJ in November 6, 2014, were replaced by a letter of guarantee issued by a first-tier financial institution.

The disputed amounts determined from the supply of January-September gas in 2014, were secured in court by judicial deposit and controversial values calculated from the supply of gas in October 2014 to September 2015 are now guaranteed by bank guarantees.

In October 2015, and there is no difference between (i) the price charged in TCQ Gas Supply Agreement signed between Comgás and Petrobras and (ii) the price charged in the Firm Supply Agreement signed between Petrobras and Gas Brasiliano Distribuidora SA, and the following month, taking place the end of the discount policy, was suspended payment on bail.

The amount guaranteed in judicial deposit is R $ 294,976 and secured by bail amount is R$ 723,153.

14 Income tax and social contribution

a) Income tax and social contribution

The reconciliation between the expenditure for the income tax and social contributions by the nominal rate and by the actual rate is shown below:

	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015	January 1, 2015 to September 30, 2015
Profit before income tax and social	335,702	1,175,594	297,569	716,256
Rate - %	34	34	34	34
Income tax and social contribution	(114,139)	(399,702)	(101,173)	(243,527)
Adjustments to determine the effective rate				
Tax incentives	461	1,316	(1,679)	(676)
Interest on capital	(1,269)	(2,783)	(551)	(1,973)
Reversal of deferred / inventory write-offs	(3,658)	(4,406)	-	(9,919)
Other	(1,115)	(2,633)	(1,827)	(1,836)
Income tax and social contribution expense	**(119,720)**	**(408,208)**	**(105,230)**	**(257,931)**
Current	1,057	(118,596) -	(6,134)	(107,402)

Deferred	(120,777)	(289,612) -	(99,096)	(150,529)
Effective rate - %	**35,66%**	**34,72%**	**35,36%**	**36,01%**

b) Deferred income tax and social contribution

Changes in assets and liabilities of deferred income tax for the period ended September 30, without taking into consideration the offsetting of balances is as follows:

	September 30, 2016				December 31,
	Base	IRPJ	CSLL	Total	2015
Temporary differences:					
Pension and post-employment benefit plans (i)	309,262	77,316	27,834	105,150	100,537
Accruals	456,555	114,139	41,090	155,229	137,955
Regulatory asset (liability)	213,146	53,286	19,183	72,469	76,762
Goodwill on incorporation	786,210	196,552	70,759	267,311	393,933
Reevaluation fair value	(24,570)	(6,142)	(2,211)	(8,353)	(17,487)
Property revaluation	(9,332)	(2,333)	(840)	(3,173)	(3,292)
Useful life review (ii)	(820,132)	(205,033)	(73,812)	(278,845)	(100,153)
Other	(17,519)	(4,380)	(1,577)	(5,957)	5,188
Deferred taxes		**223,405**	**80,426**	**303,831**	**593,443**

i. The credit related to the accrual of post-employment benefits has an estimated period of financial realization of 25 to 30 years and the tax credits on the other temporary differences have an estimated period of three to five years.

ii. Income and social contribution taxes arising from the review of the calculations of previous years, with the application of life rate provided for in the income tax legislation. The balance will be amortized over the remaining term of the concession pursuant to Article 69 of Law 12,973/14.

c) Changes in deferred taxes (net)

	September 30, 2016
Initial balance	593,443
Deferred taxes recognized in the income	(289,612)
Final balance	**303,831**

15 Provision for judicial demands

	Tax	Civil	Labor	Total
December 31, 2015	**14,442**	**42,007**	**18,349**	**74,798**
Reversal	(20)	(79)	(1,049)	(1,148)
Payment	-	(1,055)	(2,827)	(3,882)
Additions	57	522	6,103	6,682
Interest	1,181	4,435	1,815	7,431
September 30, 2016	**15,660**	**45,830**	**22,391**	**83,881**

Possible losses, not accrued in the balance sheet

The Company has claims of tax, civil and labor, nature involving risks of loss classified by the administration as possible, based on the assessment of its legal advisors, for which there is no accrual, according to the following compositions and estimates:

	September 30, 2016	December 31, 2015
Labor (i)	5,481	13,879
Civil (ii)	76,983	70,023
Tax (iii)	930,364	256,247
	1,012,828	**340,149**

(i) The labor claims relate to questionings on various claims concerning differences in wages, overtime, additional pay for hazardous and unsanitary work, and joint and several liability, among other.

(ii) The civil claims are originated from the normal course of the Company's activities, involving lawsuits for compensation for losses and damages of accidents occurred in the network.

(iii) The tax contingencies relate to the tax assessments mainly in the Federal sphere assessed as possible losses by the legal counsel and management and, therefore, no reserve was booked. Until the date of approval of the interim financial statements, the Company had science assessment notice on goodwill amortization expense which amounting possible is R$ 618,992. The tax assessment is being questioned at the administrative level.

The Company is part of another tax assessment in the amount of R$ 284,368, which discusses the income tax withheld at source (IRRF) on the capital gain, which contingency is of the former controlling shareholder responsibility as contractual arrangements.

16 Shareholder´s equity

a. Share Capital

The Company is authorized to increase the share capital up to the limit of R$ 1,312,377 million of real regardless of statutory reform, through the issuance of common shares and / or preferred by resolution of the Board of Directors, which will determine, in each case, the conditions of issue.

On April 26, 2016, it was approved at the Annual and Extraordinary General Meeting the increase of subscribed and paid-up capital in the amount of R$ 168,828 (one hundred sixty-eight million, eight hundred and twenty-eight thousand reais), from R$ 1,143,548 (one billion, one hundred forty-three million, five hundred and forty-eight thousand reais), on March 31, 2016, to R$ 1,312,376 (one billion, three hundred and twelve million three hundred seventy-six thousand reais), through the capitalization special goodwill reserve. The capital is represented by 99,781,567 (ninety-nine million seven hundred eighty-one thousand, five hundred and sixty-seven) common shares without par value and fully paid and 27,531,734 (twenty-seven million, five hundred and thirty one thousand, seven hundred and thirty four) preferred shares class A, and its composition is as follows:

	Number of share - thousand in September 30, 2016					
	Common shares	Percentage	Preferred shares	Percentage	Total	Percentage
Stockholders						
Cosan S A Indústria e Comércio	75,162	75.33	4,602	16.72	79,764	62.65
Integral Investments BV	14,212	14.24	-	-	14,212	11.16
Shell Brazil Holding B V	7,594	7.61	-	-	7,594	5.96
Alaska Poland FIA BDR Nivel I	423	0.42	5,822	21.15	6,245	4.91
LAPB Poland FIA	6	0.01	1,538	5.59	1,544	1.21
Other	2,385	2.39	15,569	56.55	17,954	14.10
	99,782	**100**	**27,531**	**100**	**127,313**	**100**

Changes in the number of shares in the period is as follows :

Quantity of shares	Common	Preferred	Total
December 31, 2015	**97,192**	**26,817**	**124,009**
Capital increase	2,590	714	3,304
September 30, 2016	**99,782**	**27,531**	**127,313**

b. Dividends

Regards to the Minutes of the Board of Directors on February 18, 2016 it was considered and approved the allocation to dividends of R $ 1.2 million related to the excess of retained earnings at November 30, 2015, calculated based on special balance sheet at that date and account retention of the same balance sheet profits, attributed to the minimum mandatory dividend for

the fiscal year ended December 31, 2015. The amount of R$ 1,199,732 was paid on February 25, 2016. In addition, dividends were paid to they were already resolved and recorded in current liabilities of R$ 3,083.

17 Earnings per share

There are no potential shares with dilutive effects, therefore there is no difference between basic and diluted earnings per share.

The following table sets the calculation of earnings per share for the periods ended September 30, 2016 and 2015 (in thousands, except per share amounts):

	July 1, 2016 to September 30, 2016			January 1, 2016 to September 30, 2016		
	Preferred shares	Common shares	Total	Preferred shares	Common shares	Total
Profit for the period	50,290	165,692	215,982	178,680	588,706	767,386
Weighted average number of shares (thousand) [(i)]	27,531	99,782	127,313	27,531	99,782	127,313
Earnings per share - R$	1.83	1.66	1.70	6.49	5.90	6.03

	July 1, 2015 to September 30, 2015			January 1, 2015 to September 30, 2015		
	Preferred shares	Common shares	Total	Preferred shares	Common shares	Total
Profit for the period	44,784	147,555	192,339	106,718	351,607	458,325
Weighted average number of shares (thousand) [(i)]	27,531	99,782	127,313	27,531	99,782	127,313
Earnings per share - R$	1.63	1.48	1.51	3.88	3.52	3.60

18 Financial results

	Note	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015	January 1, 2015 to September 30, 2015
Net monetary variations					
Loans and financing		(21,720)	(75,811)	(19,225)	(54,547)
Asset monetary variations		1,026	3,567	-	-
Liability monetary variations		(20,600)	(64,291)	(7,098)	(19,301)
		(41,294)	**(136,535)**	**(26,323)**	**(73,848)**
Other financial expenses					
Interest expense on loans/financing/debentures		(70,710)	(208,264)	(54,884)	(173,101)
Commissions/bank charges		(11,356)	(32,061)	(9,268)	(26,548)
Interest capitalization	**11**	3,366	13,025	5,383	14,766
Interest CPC 33 (R1) -Post-employment benefits	**20**	(10,093)	(30,279)	(8,624)	(25,869)
Adjustment to market value		(5,984)	(26,953)	(1,231)	(16,125)
Other		(316)	(1,739)	(4,382)	(10,525)
		(95,093)	**(286,271)**	**(73,006)**	**(237,402)**
Other financial income					
Late payment charges from clients		5,552	15,266	5,150	13,326
Revenues from financial investments		54,018	142,396	46,897	115,913
Interest		25,894	78,171	51,776	52,314
Taxes on financial transactions		(4,026)	(11,143)	-	-
Other		(719)	440	(3,604)	(1,665)
		80,719	**225,130**	**100,219**	**179,888**
		(55,668)	**(197,676)**	**890**	**(131,362)**

(i) In 2016, the Company reviewed the basis for calculation of IR and CSLL from exercises 2011, 2012 and 2013, applying the useful life rates provided by IN 162/98 for all assets of the public piped gas distribution network, accounted for the tax impacts related to the income tax and social contribution calculations of these periods at the amount of R$ 76,640. In 2015, the Company accounted for the amount of R$ 51,756 from reviewed the basis for calculation of IR and CSLL from exercises 2009 and 2010.

19 Financial instruments

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk, and
- Market risk

The carrying amounts of financial assets and liabilities are as follows:

	September 30, 2016	December 31, 2015
Assets		
Fair value through profit or loss		
Derivate financial instruments	486,117	665,032
	486,117	**665,032**
Loans and receivables		
Cash and cash equivalents	1,691,599	1,967,643
Trade receivables	571,381	551,017
Other trade receivables	1,198	1,240
	2,264,178	**2,519,900**
Total Assets	**2,750,295**	**3,184,932**
Liabilities		
Liabilities amortized cost		
Loans and financing	1,177,369	1,284,818
Debentures	779,199	711,472
Trade payables	1,172,843	1,302,397
Other financial liabilities	4,680	-
Related parties	3,648	3,095
	3,137,739	**3,301,782**
Fair value through profit or loss		
Loans and financing	1,084,479	1,340,059
Debentures	525,055	486,718
	1,609,534	**1,826,777**
	4,747,273	**5,128,559**

Structure of financial risk management

On September 30, 2016 and December 31, 2015, the fair values related to transactions involving derivative financial instruments to hedge risk exposure of the Company were using observable inputs such as quoted prices in active or streams markets discounted based on curves market and are shown below:

	Notional [i]		Fair value	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
Interest rate and exchange rate risk				
Swap agreements (interest rate)	462,447	462,447	58,341	8,535
Swap agreements (interest rate and exchange)	675,427	841,890	427,776	656,497
	1,137,874	1,304,337	486,117	665,032
Total financial instruments			**486,117**	**665,032**

(i) Amounts equivalent the notional value in US dollars converted to R$ by contracting day dollar rate.

Credit risk

On September 30, 2016, the Company had the following main financial instruments:

	September 30, 2016	**December 31, 2015**
Cash and cash equivalents[(i)]	1,691,599	1,967,643
Trade receivables[(ii)]	571,381	551,017
Derivative financial instruments[(iii)]	486,117	665,032
Related parties	1,198	1,240
	2,750,295	**3,184,932**

(i) The "Cash and cash equivalents" are held with Banks and financial institutions with credit ratings between A, AA, AAA and BB.

	September 30, 2016	**December 31, 2015**
Current accounts and current bank deposits (*)		
AAA	-	611,095
AA	1,533,155	1,302,325
A	158,444	-
BB	-	54,223
	1,691,599	**1,967,643**

(*) Classification accepted and known by the financial market with methodology evidenced by international agencies of risk classification.

(i) On September 30, 2016 the Company has a portfolio of approximately 1,649 million customers, residential, commercial, industrial, automotive, cogeneration and thermal cogeneration, there is no concentration of credit in large consumers by volume exceeding 10% of sales thus diluting the risk of default.

This risk is represented by accounts receivable of the Company's customers in all segments, which, is mitigated by selling the whole customer base.

The Company has no exposure to risk related to transfers of financial assets at the end of the years presented.

Liquidity risk

Liquidity risk is represented by cash flow mismatches, resulting from difficulties to rapidly carry out the of an asset or obtain funds, thus affecting the financial capacity.

The Company is exposed to liquidity risk, including risks associated with refinancing loans and financings as their mature are to expire with risk of the credits line are not available to meet the Company's cash requirements and future commitments as well as the risk that financial assets cannot be easily converted to cash without loss of value.

In order to mitigate that risk, the Company adopts two general guidelines:

The Company has as policy the interest rate to creditors at floating rates in local currency. If these loans are obtained in other rates, the Company may use derivative instruments.

The Company manage the liquidity risk through the maintenance of credits lines adequate to its commitments and holding its financial assets concentrated in short-term deposits in prime institutions with daily liquidity.

The table below analyzes the Company's non-derivative financial liabilities and the derivative financial liabilities settled by the Company into relevant maturity groupings corresponding to the remaining period at the financial statements until the contractual maturity date. The amounts presented in the table are the cash flows non-discounted.

	September 30, 2016					December 31, 2015
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total	Total
Loans, financing and debentures	731,739	1,405,255	2,105,080	674,332	4,916,406	5,263,756
Derivate financial instruments	(26,684)	(158,900)	(223,504)	-	(409,088)	(756,702)
Trade, advancements from clients and other	1,179,918	-	-	-	1,179,918	1,307,928
Other financial liabilities	4,680	-	-	-	4,680	-
Related parties	3,648	-	-	-	3,648	3,095
	1,893,301	**1,246,355**	**1,881,576**	**674,332**	**5,695,564**	**5,818,077**

Market risk

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

Risk of Exchange rate

On September 30, 2016 and December 31, 2015 the Company had the following net foreign exchange exposure in search results on assets and liabilities denominated in US dollars:

	September 30, 2016	December 31, 2015
Loans	(1,084,479)	(1,340,059)
Derivative financial instruments	1,084,479	1,340,059
Foreign exchange exposure, net	-	-

(*) These amounts are equivalent to the notional value in US dollars converted to R$ for dollar rate on September 30, 2016.

The following is a sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed as at September 30, 2016:

Sensitivity analysis of changes in Exchange rates

Based on financial instruments denominated in US dollars as of September 30, 2016, the Company had simulations with increases and decreases in the exchange rate (R$ / US$) of 25% and 50%. The probable scenario considers the Company's projections for exchange rates at maturity of operations, as follows:

	Exchange rate sensitivity analysis (R$/US$)				
	Scenario				
	Probable	25%	50%	-25%	-50%
September 30, 2016	3.57	2.68	1.79	4.47	5.36

					Variation scenario	
Exposure to exchange rate	**Risk factor**	**Probable**	**-25%**	**-50%**	**25%**	**50%**
Interest rate derivatives and foreign exchange (*)	Decreases in the exchange rate R$/US$	106,567	(291,198)	(582,396)	291,198	582,396
Loans	Increases in the exchange rate R$/US$	(106,567)	291,198	582,396	(291,198)	(582,396)
Impacts on income		-	-	-	-	-

(*) for sensitivity analysis purposes is only considered the exchange.

Interest rate risk

The variation of the interest on loans and financing that have floating rates is similar to the variation in interest received on the implementation of the company's cash, also floating. The risk is mitigated and the variation between the proposed interest scenarios almost is no effect.

Sensitivity analysis of changes in interest rates

The sensitivity analysis on interest rates on loans and financing and remuneration for CDI of financial investments increase and decrease of 25% and 50 % is as follows:

	September 30, 2016					
Exposure interest rate[i]	**Amounts**	**Probable**	**-25%**	**-50%**	**25%**	**50%**
Financial investments	1,683,100	210,051	(52,513)	(105,025)	52,513	105,025
Loans, financing and debentures	(3,566,102)	(359,968)	89,992	179,984	(89,992)	(179,984)
Derivatives	486,117	486,117	118,453	181,165	3,010	(50,483)
Impacts on income		**336,200**	**155,932**	**256,124**	**(34,469)**	**(125,442)**

i) The rates of CDI and TJLP considered 14.13% and 7.50%, respectively, were obtained from information provided by the market.

Fair value of financial instruments

The fair value of financial instruments that are traded on an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on methods and conditions widely used by the market at balance sheet date.

The Company adopted the amendments to CPC 40 (R1) for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Company's assets and liabilities that were measured at fair value:

	Account		Assets and liabilities measured at fair value			
			September 30, 2016		December 31, 2015	
	September 30, 2016	December 31, 2015	Level 1	Level 2	Level 1	Level 2
Assets						
Derivate financial instruments	486,117	665,032	-	486,117	-	665,032
Total	**486,117**	**665,032**	**-**	**486,117**	**-**	**665,032**
Liabilities						
Loans, borrowings and debentures	(1,609,534)	(1,826,777)	-	(1,609,534)	-	(1,826,777)
Total	**(1,609,534)**	**(1,826,777)**	**-**	**(1,609,534)**	**-**	**(1,826,777)**

Hedge accounting

The Company maintains derivative instruments of financial hedge to hedge its exposures to changes in inflation and interest rates.

Hedge accounting - fair value

In order to protect the Company from potential fluctuations in interest rates and inflation " IPCA" it was appointed after April 1, 2015 hedge accounting (fair value hedge) to contract loans" 2nd and 3rd series debentures " using derivative transactions, cash flow swaps, changing the interest rate risk and IPCA by percentage of CDI.

The table below shows the amount of debt and the fair value gain recognized in the income statement after designation date until the period closing.

	Debt	Derivative	Total
At December 31, 2015	486,718	(8,535)	478,183
Fair value	38,337	(49,806)	(11,469)
At September 30, 2016	**525,055**	**(58,341)**	**466,714**

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of

capital.

In order to maintain or adjust the capital structure, the Company may adjust the policy for dividends paid.

The Company monitors capital based on financial leverage indices, involving cash generation (EBITDA), short-term indebtedness and total indebtedness. These indices (covenants) are used by financial institutions in loans contracts.

One of the financial leverage indices used by Management is shown below:

	September 30, 2016	December 31, 2015
Net debt	1,388,386	1,190,392
EBITDA (*)	2,070,422	1,529,918
(=) Net debt/EBITDA	**0,67**	**0,78**

(*) last twelve months

20 Post-employment benefits

The amounts related to post-employment benefit plans, which include health care, incentive pensions, sickness allowance and disability allowance, are recorded in accordance with CVM Deliberation 695.

The Company maintains with Bradesco Vida e Previdencia S.A a variable-contribution complementary open pension plan, or Free Benefit Generating Plan (PGBL), structured under the financial capitalization method, approved by the Superintendence of Private Insurance (SUSEP). The plan is the fixed income and aims to grant benefit pension plan in the form of monthly income for life.

The changes in the actuarial liability for the period ended September 30, 2016 is as follows:

	January 1, 2016 to September 30, 2016
Net actuarial liability in January 1st	295,698
Expenses for period	30,705
Employer contributions	(17,141)
Net actuarial liability	**309,262**

The expenses recognized in the statement of income for the period ended September 30, are as follows:

	July 1, 2016 to September 30, 2016	January 1, 2016 to September 30, 2016	July 1, 2015 to September 30, 2015	January 1, 2015 to September 30, 2015
Gross current service cost (with interest)	142	426	146	440
Interest on actuarial obligation	10,093	30,279	8,624	25,869
Expenses	**10,235**	**30,705**	**8,770**	**26,309**

The tax effects of this provision are recorded in "Deferred income tax and social contribution" Note (14) (b).

21 Commitments

Assets (liabilities) regulatory

	September 30, 2016	December 31, 2015
Cost of gas to be recovered/(transferred)	(440,730)	114,076
Credits of taxes to be recovered/(transferred)	(20,652)	(3,910)
Adjustment to present value of taxes	1,343	192
Other	9,054	6,589
Effect on equity	**(450,986)**	**116,947**
Amount in December 31, 2015		116,947
Amount in September 30, 2016		(450,986)
Effect on the statement income		
Expense not recognized at income before income tax and social contribution		**(567,933)**
Regulatory assets (liabilities)		(531,520)
Adjustment		(17,166)
Credits taxes		(7,277)
Other		(11,970)
		(567,933)

The tariffs for the supply of gas to the different customer segments are authorized by the conceding authority. In accordance with the terms of the Concession Agreement, the differences between the cost component of gas included in the tariffs charged to the customers and the actual cost of gas incurred are determined on a monthly basis and charged or credited to a regulation account (regulatory account).

Periodically, charges or credits in the tariffs are determined by the regulator with the objective of amortizing the amounts accumulated in this account.

The balance of this account is considered as an asset or as a liability, pursuant to the regulator's chart of accounts and for income tax purposes. However, this account is excluded from the financial statements prepared in accordance with accounting practices adopted in Brazil and IFRS, because the respective balance is not considered as an asset or as a liability, as its realization or liquidation depends on further purchases by the Company's consumers. Therefore, the balances presented above are not recorded in these financial statements.

PRINCIPAL EXECUTIVE OFFICES OF

Cosan Luxembourg S.A.
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