

Raízen Combustíveis S.A.

Interim financial information as of June 30, 2019

*(A free translation of the original report in Portuguese,
containing individual and consolidated interim
financial information prepared in accordance with
CPC 21 (R1) – Interim Financial Reporting and IAS 34
– Interim Financial Reporting, as issued by
International Accounting Standards Board - IASB)*

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Report on review of interim financial information

(A free translation of the original report in Portuguese, containing individual and consolidated interim financial information prepared in accordance with CPC 21 (R1) – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, as issued by International Accounting Standards Board - IASB)

To the Board of Directors, Shareholders and Management of
Raízen Combustíveis S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the individual and consolidated statement of financial position of Raízen Combustíveis S.A. (the “Company”) as of June 30, 2019 and the respective statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation of this 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. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with 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 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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB.

São Paulo, August 12, 2019

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Ulysses M. Duarte Magalhães
Accountant CRC 1RJ092095/O-8

RAÍZEN COMBUSTÍVEIS S.A.

Statements of financial position at June 30 and March 31, 2019

In thousands of reais – R\$

	Note	Parent company		Consolidated	
		06/30/2019	03/31/2019	06/30/2019	03/31/2019
Assets					
Current assets					
Cash and cash equivalents	3	1,269,855	1,585,508	1,835,625	2,818,591
Restricted cash	4	108,767	140,750	108,767	140,750
Derivative financial instruments	25	139,316	94,736	145,920	156,118
Trade accounts receivable	5	1,665,635	1,636,395	2,490,260	2,386,340
Inventories	6	1,803,250	1,468,748	3,670,600	3,290,088
Recoverable income and social contribution taxes	17.b	175,274	169,879	430,887	600,639
Recoverable taxes	7	860,598	780,523	1,779,024	1,609,693
Dividends receivable		46,811	46,811	-	-
Related parties	8	1,661,037	591,088	2,441,571	720,754
Assets from contracts with clients	9	369,407	359,131	442,980	429,718
Other receivables		36,089	35,301	121,104	146,797
		<u>8,136,039</u>	<u>6,908,870</u>	<u>13,466,738</u>	<u>12,299,488</u>
Non-current assets					
Trade accounts receivable	5	341,025	367,574	454,169	514,544
Derivative financial instruments	25	587,775	639,048	587,775	639,048
Recoverable taxes	7	119,185	169,936	334,946	384,709
Related parties	8	882,758	889,077	874,568	880,539
Recoverable income and social contribution taxes	17.b	-	-	27,678	27,568
Deferred income and social contribution taxes	17.d	-	-	114,478	111,909
Judicial deposits	18	50,902	52,167	66,747	68,097
Assets from contracts with clients	9	1,731,871	1,694,322	2,039,712	2,000,061
Other receivables		6,839	9,322	40,517	17,914
Investments	10	4,741,597	5,261,452	268	268
Right of use	11	221,033	-	486,946	-
Property, plant and equipment	12	1,509,355	1,525,805	5,390,711	5,488,194
Intangible assets	13	636,121	646,352	1,110,469	1,126,518
		<u>10,828,461</u>	<u>11,255,055</u>	<u>11,528,984</u>	<u>11,259,369</u>
Total assets		<u>18,964,500</u>	<u>18,163,925</u>	<u>24,995,722</u>	<u>23,558,857</u>

The accompanying notes from management are an integral part of this interim financial information

RAÍZEN COMBUSTÍVEIS S.A.

Statements of financial position at June 30 and March 31, 2019

In thousands of reais – R\$

(Continued)

	Note	Parent company		Consolidated	
		06/30/2019	03/31/2019	06/30/2019	03/31/2019
Liabilities					
Current liabilities					
Suppliers	14	2,304,831	2,342,798	4,072,930	3,836,192
Loans and financing	15	17,843	23,951	306,148	416,565
Lease liability	16	38,421	-	214,529	-
Related parties	8	3,857,813	2,949,799	5,032,256	4,409,103
Derivative financial instruments	25	114,904	72,525	190,399	79,186
Payroll and related charges payable		105,917	93,873	164,966	144,346
Income and social contribution taxes payable	17.c	-	-	116,175	76,927
Taxes payable		117,288	112,764	256,149	330,535
Dividends and interest on own capital payable	20.b	35,498	15,098	47,941	27,541
Prepaid revenues		41,159	41,159	46,174	47,844
Bonuses payable		51,305	46,584	64,144	58,068
Other liabilities		263,272	250,818	541,592	605,242
		<u>6,948,251</u>	<u>5,949,369</u>	<u>11,053,403</u>	<u>10,031,549</u>
Non-current liabilities					
Loans and financing	15	5,255,266	4,674,547	5,830,264	4,674,547
Lease liability	16	76,604	-	284,679	-
Related parties	8	2,357,688	3,062,031	2,263,138	3,062,036
Derivative financial instruments	25	40,715	9,438	40,715	9,438
Taxes payable		-	-	11,788	11,187
Provision for lawsuits	18	924,431	936,300	1,026,658	1,041,136
Prepaid revenues		77,729	88,019	77,729	88,019
Deferred income and social contribution taxes	17.d	470,446	504,670	1,190,260	1,303,423
Bonuses payable		120,491	99,462	143,420	118,089
Other liabilities		18,858	16,602	144,425	155,081
		<u>9,342,228</u>	<u>9,391,069</u>	<u>11,013,076</u>	<u>10,462,956</u>
Total liabilities		<u>16,290,479</u>	<u>15,340,438</u>	<u>22,066,479</u>	<u>20,494,505</u>
Equity					
Attributed to controlling shareholders					
Capital	20	1,921,843	1,921,843	1,921,843	1,921,843
Capital reserves		519,666	519,666	519,666	519,666
Equity valuation adjustments		(193,935)	(136,311)	(193,935)	(136,311)
Income reserves		197,097	518,289	197,097	518,289
Accumulated losses		229,350	-	229,350	-
		<u>2,674,021</u>	<u>2,823,487</u>	<u>2,674,021</u>	<u>2,823,487</u>
Non-controlling shareholders		-	-	255,222	240,865
Total equity		<u>2,674,021</u>	<u>2,823,487</u>	<u>2,929,243</u>	<u>3,064,352</u>
Total liabilities and equity		<u>18,964,500</u>	<u>18,163,925</u>	<u>24,995,722</u>	<u>23,558,857</u>

The accompanying notes from management are an integral part of this interim financial information

RAÍZEN COMBUSTÍVEIS S.A.

Statements of income Three-month periods ended June 30, 2019 and 2018 In thousands of reais – R\$

	Note	Parent company		Consolidated	
		Apr–Jun/19	Apr–Jun/18	Apr–Jun/19	Apr–Jun/18
Net operating revenue	21	18,879,211	17,253,339	25,127,042	19,626,691
Costs of products sold and services provided	22	<u>(18,225,901)</u>	<u>(16,620,902)</u>	<u>(24,012,890)</u>	<u>(18,820,555)</u>
Gross income		<u>653,310</u>	<u>632,437</u>	<u>1,114,152</u>	<u>806,136</u>
Operating revenue (expenses)					
From sales	22	(294,721)	(284,529)	(551,988)	(354,762)
General and administrative	22	(105,817)	(102,833)	(152,559)	(115,000)
Other operating revenue, net	23	116,141	68,403	176,092	125,201
Equity accounting result	10	<u>107,620</u>	<u>79,721</u>	<u>-</u>	<u>-</u>
		<u>(176,777)</u>	<u>(239,238)</u>	<u>(528,455)</u>	<u>(344,561)</u>
Income before financial results and income and social taxes		<u>476,533</u>	<u>393,199</u>	<u>585,697</u>	<u>461,575</u>
Financial results	24				
Financial expenses		(290,887)	(34,002)	(309,985)	(41,678)
Financial income		62,751	36,335	97,064	49,831
Foreign exchange variation, net		111,550	(648,890)	148,751	(767,074)
Net effect of the derivatives		<u>(21,123)</u>	<u>568,905</u>	<u>(90,035)</u>	<u>639,927</u>
		<u>(137,709)</u>	<u>(77,652)</u>	<u>(154,205)</u>	<u>(118,994)</u>
Income before income and social contribution taxes		<u>338,824</u>	<u>315,547</u>	<u>431,492</u>	<u>342,581</u>
Income and social contribution taxes	17.a				
Current		(98,477)	101,305	(245,870)	131,166
Deferred		<u>36,337</u>	<u>(166,511)</u>	<u>105,419</u>	<u>(218,223)</u>
		<u>(62,140)</u>	<u>(65,206)</u>	<u>(140,451)</u>	<u>(87,057)</u>
Net income for the period		<u>276,684</u>	<u>250,341</u>	<u>291,041</u>	<u>255,524</u>
Attributable to:					
Controlling shareholders		276,684	250,341	276,684	250,341
Non-controlling shareholders		<u>-</u>	<u>-</u>	<u>14,357</u>	<u>5,183</u>
		<u>276,684</u>	<u>250,341</u>	<u>291,041</u>	<u>255,524</u>
Net earnings per share (basic and diluted for common shares)	20.d			<u>0.17</u>	<u>0.15</u>

The accompanying notes from management are an integral part of this interim financial information

RAÍZEN COMBUSTÍVEIS S.A.

Statements of comprehensive income Three-month periods ended June 30, 2019 and 2018 In thousands of reais – R\$

	Parent company		Consolidated	
	Apr–Jun/19	Apr–Jun/18	Apr–Jun/19	Apr–Jun/18
Net income for the period	276,684	250,341	291,041	255,524
Comprehensive income for the period				
Items that are or may be reclassified to income or loss				
Income (loss) from financial instruments designated as hedge accounting (Note 25.e)	(11,428)	34,356	(11,428)	34,356
Income (loss) from net investment hedge in foreign entity	3,098	-	3,098	-
Deferred taxes on hedge accounting and net investment hedge in foreign entity (Note 17.d)	2,834	(11,681)	2,834	(11,681)
Effect of foreign currency translation	(52,128)	-	(52,128)	-
Other components of the comprehensive income for the period	(57,624)	22,675	(57,624)	22,675
Total comprehensive income for the period	219,060	273,016	233,417	278,199
Attributable to:				
Company's controlling shareholders	219,060	273,016	219,060	273,016
Company's non-controlling shareholders	-	-	14,357	5,183
	219,060	273,016	233,417	278,199

The accompanying notes from management are an integral part of this interim financial information

RAÍZEN COMBUSTÍVEIS S.A.

Statements of changes in equity Three-month period ended June 30, 2019 In thousands of reais – R\$

	Attributed to controlling shareholders										
	Capital reserves				Income reserves				Total	Interest of non-controlling shareholders	Total equity
	Capital	Capital reserve	Special Law No. 8200/91	Equity valuation adjustments	Legal	Tax incentive reserve	Profit retention	Retained earnings			
March 31, 2019	1,921,843	519,572	94	(136,311)	197,097	41,568	279,624	-	2,823,487	240,865	3,064,352
Comprehensive income for the period											
Net income for the period	-	-	-	-	-	-	-	276,684	276,684	14,357	291,041
Net loss with financial instruments designated as hedge accounting	-	-	-	(7,541)	-	-	-	-	(7,541)	-	(7,541)
Net gain on financial instruments in net investment in foreign entity	-	-	-	2,045	-	-	-	-	2,045	-	2,045
Effect of foreign currency translation	-	-	-	(52,128)	-	-	-	-	(52,128)	-	(52,128)
Total comprehensive income for the period	-	-	-	(57,624)	-	-	-	276,684	219,060	14,357	233,417
Distributions to shareholders, net											
Dividends and interest on own capital ("JCP") (Note 20.b)	-	-	-	-	-	(41,568)	(279,624)	(40,000)	(361,192)	-	(361,192)
Tax on transactions between companies (Note 10.c.2)	-	-	-	-	-	-	-	(7,334)	(7,334)	-	(7,334)
Total distributions to shareholders, net	-	-	-	-	-	(41,568)	(279,624)	(47,334)	(368,526)	-	(368,526)
June 30, 2019	1,921,843	519,572	94	(193,935)	197,097	-	-	229,350	2,674,021	255,222	2,929,243

The accompanying notes from management are an integral part of this interim financial information

RAÍZEN COMBUSTÍVEIS S.A.

Statements of changes in equity Three-month period ended June 30, 2018 In thousands of reais – R\$

	Attributed to controlling shareholders									Interest of non-controlling shareholders	Total equity
	Capital reserves				Income reserves			Total			
	Capital	Capital reserve	Special Law 8200/91	Equity valuation adjustments	Legal	Profit retention	Retained earnings				
March 31, 2018	1,921,843	519,572	536	3,560	197,097	152,460	-	2,795,068	226,701	3,021,769	
Initial adoption of IFRS 9 (CPC 48) (Note 2.3)	-	-	-	-	-	-	(2,478)	(2,478)	(41)	(2,519)	
Adjusted balance as of April 1, 2018	1,921,843	519,572	536	3,560	197,097	152,460	(2,478)	2,792,590	226,660	3,019,250	
Comprehensive income for the period											
Net income for the period	-	-	-	-	-	-	250,341	250,341	5,183	255,524	
Net gain on financial instruments designated as hedge accounting	-	-	-	22,675	-	-	-	22,675	-	22,675	
Total comprehensive income for the period	-	-	-	22,675	-	-	250,341	273,016	5,183	278,199	
Distributions to shareholders, net											
Dividends and interest on own capital	-	-	-	-	-	(153,000)	(155,000)	(308,000)	(7,500)	(315,500)	
Partial realization of reserve and other	-	-	(331)	-	-	540	(209)	-	-	-	
Total distributions to shareholders, net	-	-	(331)	-	-	(152,460)	(155,209)	(308,000)	(7,500)	(315,500)	
June 30, 2018	1,921,843	519,572	205	26,235	197,097	-	92,654	2,757,606	224,343	2,981,949	

The accompanying notes from management are an integral part of this interim financial information

RAÍZEN COMBUSTÍVEIS S.A.

Statements of cash flows - indirect method

Periods ended June 30, 2019 and 2018

In thousands of reais – R\$

	Parent company		Consolidated	
	Apr–Jun/19	Apr–Jun/18	Apr–Jun/19	Apr–Jun/18
Cash flow from operating activities				
Income before income and social contribution taxes	338,824	315,547	431,492	342,581
Adjustments:				
Depreciation and amortization (Notes 22)	51,480	42,071	186,440	45,533
Amortization of assets from contracts with clients (Notes 9 and 21)	98,666	87,245	118,327	101,055
Equity accounting result of subsidiaries and associated companies (Note 10)	(107,620)	(79,721)	-	-
Loss (gain) on disposal of property, plant and equipment (Note 23)	(42,097)	2,595	(44,281)	(33,027)
Interest, monetary and exchange-variation, net	(42,060)	724,101	(102,101)	833,839
Change financial instruments fair value (Notes 8, 15 and 24)	149,683	(70,985)	149,683	(70,985)
Loss (gain) with derivative financial instruments, net	31,292	(533,977)	99,755	(605,000)
Recognition of extemporaneous tax credits, net (Note 23)	(43,840)	(29,076)	(45,114)	(36,921)
Change in inventories' fair value - Hedge of fair value (Note 6)	(3,131)	20,717	(3,131)	20,717
Other	9,513	(2,579)	18,716	4,046
Changes in assets and liabilities				
Restricted cash	33,004	(5,774)	33,004	(5,774)
Derivative financial instruments	40,722	157,192	96,525	215,305
Trade accounts receivable and advances from clients	4,778	145,413	(40,672)	132,900
Payments of assets from contracts with clients	(135,055)	(123,801)	(153,950)	(173,358)
Inventories	(331,355)	(398,847)	(399,941)	(570,248)
Related parties	429,872	97,419	(65,080)	116,356
Suppliers and advances to suppliers	(62,261)	26,974	340,142	(540,614)
Payroll and related charges payable	12,044	9,035	21,594	8,862
Recoverable and payable taxes	(96,919)	(77,612)	(194,132)	(137,131)
Other assets and liabilities, net	36,318	(39,251)	(33,510)	(35,534)
Payment of income tax and social contribution on net income	-	-	(7,181)	(24,492)
Net cash generated by (used in) by operating activities	371,858	266,686	406,585	(411,890)
Cash flow from investment activities				
Addition to investment (Note 10.c)	(4,750)	-	-	-
Cash received upon disposal of equity interest (Note 10.c)	585,045	-	-	-
Payments for business combinations and additions on investments	(299,505)	(341,010)	(299,505)	(341,010)
Additions to property, plant and equipment and intangible assets (Notes 12, 13 and 27.b)	(34,527)	(27,303)	(211,473)	(38,671)
Cash received upon disposal of fixed assets	59,502	(4,121)	61,089	44,588
Dividends received from subsidiaries	-	30,000	-	-
Net cash generated by (used in) in investment activities	305,765	(342,434)	(449,889)	(335,093)
Cash flow from financing activities (Note 27)				
Funding of loans and financing, net – third parties	592,328	(385)	1,283,128	(385)
Amortizations of principal of loans and financing – third parties	(1,115)	(27,342)	(195,432)	(27,342)
Payment of interest on loans and financing – third parties	(57,340)	(35,925)	(62,831)	(35,925)
Amortizations of lease liabilities – third parties	(5,637)	-	(46,802)	-
Amortizations of lease liabilities Intragroup	(2,711)	-	-	-
Payment of interest on export prepayments ("PPEs") – Intragroup	(11,506)	(10,542)	(11,506)	(10,542)
Payment of dividends and interest on own capital (Note 20.b)	(341,842)	(308,000)	(341,842)	(315,500)
Management of financial funds intragroup, net and other	(1,163,661)	(82,946)	(1,548,743)	383,555
Net cash used in financing activities	(991,484)	(465,140)	(924,028)	(6,139)
Decrease in cash and cash equivalents	(313,861)	(540,888)	(967,332)	(753,122)
Cash and cash equivalents at the beginning of the period (Note 3)	1,585,508	1,176,505	2,818,591	1,420,336
Effect of exchange variation on cash and cash equivalents	(1,792)	24,481	(15,634)	24,481
Cash and cash equivalents at the end of the period (Note 3)	1,269,855	660,098	1,835,625	691,695

Supplementary information to the cash flow is shown in Note 27.

The accompanying notes from management are an integral part of this interim financial information

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

1. Operations

Raízen Combustíveis S.A. (“Company”, “RCSA” or “Raízen Combustíveis”) is a closely-held company with head office at Avenida Almirante Barroso, 81, 36º andar, sala 36A104, in the city of Rio de Janeiro (RJ), Brazil. The Company is indirectly jointly controlled by Royal Dutch Shell (“Shell”) and Cosan Limited (“Cosan”).

The Company is mainly engaged in: (i) distributing and marketing oil and ethanol by-products, and other fluid hydrocarbons and their by-products under Shell brand; (ii) trade of natural gas; (iii) operate as franchiser and licensor of Select convenience stores; (iv) importing and exporting the products previously mentioned; (v) oil refining and production and sale of automotive and industrial lubricants and liquefied petroleum gas (LPG) through its Argentine subsidiaries; and (vi) holding interest in other companies.

2. Presentation of interim financial information and significant accounting policies

2.1. Preparation basis

The interim financial information has been prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Statements and Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB.

This interim financial information has been prepared following the basis of preparation and accounting policies consistent with the ones adopted in the preparation of the annual financial statements on March 31, 2019 and should be read together with these statements. The information in the notes that had not significantly changed, when compared to March 31, 2019, were not fully repeated in this quarterly financial information. Select information was included to explain the main events and transactions that took place, in order to provide an understanding of the changes in the Company's financial position and operating performance since the disclosure of the annual financial statements at March 31, 2019, as well as changes in accounting policies due to the adoption of new standards and interpretations were adopted in the three-month period ended June 30, 2019 (Note 2.3).

This interim financial information is presented in Brazilian Real, functional currency of the Company. All the balances have been rounded to the nearest thousand, unless otherwise indicated. The financial information of each subsidiary included in the Company's consolidation, as well as those utilized as a basis to account for investments under the equity method, are prepared based on the functional currency of each company.

The preparation of this interim financial information, Management used judgments, estimates and assumptions that affect the application of accounting policies of the Company, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed continually, and did not suffer any material changes in the preparation of this interim financial information in comparison to the annual interim financial information at March 31, 2019.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

Company's Management affirms that all relevant information characteristic of interim financial information, and is being evidenced and correspond to those used by Management.

The issuance of the interim financial information of the Company was authorized by the Management on August 12, 2019.

2.2. Basis of consolidation

As of June 30 and March 31, 2019, the consolidated financial information includes quarterly information of RCSA and its direct and indirect subsidiaries which are listed below:

	<u>06/30/2019</u>	<u>03/31/2019</u>
Blueway Trading Importação e Exportação S.A. ("Blueway")	100%	100%
Petróleo Sabbá S.A. ("Sabbá")	80%	80%
Raízen Argentina Holdings S.A.U (1) ("RAHSAU")	100%	100%
Raízen Argentina S.A. ("RASA") (1)	100%	100%
Raízen Energina S.A (1)	100%	100%
Raízen Gas S.A. (1)	100%	100%
Deheza S.A. (1)	100%	100%
Estación Lima S.A. (1)	100%	100%
Raízen Conveniências Ltda. ("Raízen Conveniências")	100%	100%
Raízen Sabbá Conveniências Ltda. ("Conveniências Sabbá")	96%	96%
Raízen Mime Conveniências Ltda. ("Conveniências Mime")	91%	91%
Raízen Mime Combustíveis S.A. ("Mime")	76%	76%
Raízen S.A.	100%	100%
Sabor Raíz Alimentação S.A ("Sabor Raíz")	69%	69%
Saturno Investimentos Imobiliários Ltda. ("Saturno")	100%	100%

(1) Jointly called Raízen Argentina and subsidiaries

The breakdown of assets, liabilities and equity in the periods ended June 30, 2019, as well as results of companies for the three-month period ended June 30, 2019, comprising this financial information and the related balances, after the elimination of intragroup transactions, are as follows:

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

- Balance sheet on June 30, 2019

	June 30, 2019			
	Raízen Combustíveis and subsidiaries (1)	Raízen Argentina and subsidiaries	Elimination and reclassifications (2)	Consolidated
Assets				
Current assets				
Cash and cash equivalents	1,538,261	297,364	-	1,835,625
Restricted cash	108,767	-	-	108,767
Derivative financial instruments	145,920	-	-	145,920
Trade accounts receivable	2,050,457	439,803	-	2,490,260
Inventories	2,333,087	1,337,513	-	3,670,600
Recoverable income and social contribution taxes	304,148	126,739	-	430,887
Recoverable taxes	1,131,508	647,516	-	1,779,024
Related parties	2,441,571	-	-	2,441,571
Assets from contracts with clients	434,114	8,866	-	442,980
Other receivables	44,076	77,028	-	121,104
	<u>10,531,909</u>	<u>2,934,829</u>	<u>-</u>	<u>13,466,738</u>
Non-current assets				
Trade accounts receivable	454,169	-	-	454,169
Derivative financial instruments	587,775	-	-	587,775
Recoverable and contributions taxes	334,946	-	-	334,946
Related parties	711,006	163,562	-	874,568
Recoverable income and social contribution taxes	-	27,678	-	27,678
Deferred income and social contribution taxes	114,348	130	-	114,478
Judicial deposits	66,747	-	-	66,747
Assets from contracts with clients	2,017,463	22,249	-	2,039,712
Other receivables	6,872	33,645	-	40,517
Investments	3,219,288	563,873	(3,782,893)	268
Right of use	113,110	373,836	-	486,946
Property, plant and equipment	1,897,329	3,151,982	341,400	5,390,711
Intangible assets	644,562	8,975	456,932	1,110,469
	<u>10,167,615</u>	<u>4,345,930</u>	<u>(2,984,561)</u>	<u>11,528,984</u>
Total assets	<u><u>20,699,524</u></u>	<u><u>7,280,759</u></u>	<u><u>(2,984,561)</u></u>	<u><u>24,995,722</u></u>

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

	June 30, 2019			
	Raízen Combustíveis and subsidiaries (1)	Raízen Argentina and subsidiaries	Elimination and reclassifications (2)	Consolidated
Liabilities				
Current liabilities				
Suppliers	2,577,591	1,495,339	-	4,072,930
Loans and financing	17,843	288,305	-	306,148
Lease liability	39,990	174,539	-	214,529
Related parties	4,851,912	180,344	-	5,032,256
Derivative financial instruments	167,404	22,995	-	190,399
Payroll and related charges payable	118,101	46,865	-	164,966
Income and social contribution taxes payable	5,805	110,370	-	116,175
Taxes payable	137,825	118,324	-	256,149
Dividends and interest on own capital payable	47,941	-	-	47,941
Prepaid revenues	46,174	-	-	46,174
Bonuses payable	64,144	-	-	64,144
Other liabilities	375,391	166,201	-	541,592
	<u>8,450,121</u>	<u>2,603,282</u>	<u>-</u>	<u>11,053,403</u>
Non-current liabilities				
Loans and financing	5,255,268	574,996	-	5,830,264
Lease liability	77,230	207,449	-	284,679
Related parties	2,263,137	-	-	2,263,137
Derivative financial instruments	40,715	-	-	40,715
Taxes payable	11,788	-	-	11,788
Provision for lawsuits	932,897	93,761	-	1,026,658
Prepaid revenues	77,729	-	-	77,729
Deferred income and social contribution taxes	497,775	490,057	202,428	1,190,260
Bonuses payable	143,420	-	-	143,420
Other liabilities	20,201	124,225	-	144,426
	<u>9,320,160</u>	<u>1,490,488</u>	<u>202,428</u>	<u>11,013,076</u>
Total liabilities	<u>17,770,281</u>	<u>4,093,770</u>	<u>202,428</u>	<u>22,066,479</u>
Equity				
Attributed to controlling shareholders	2,674,021	3,186,989	(3,186,989)	2,674,021
Non-controlling shareholders	255,222	-	-	255,222
Total equity	<u>2,929,243</u>	<u>3,186,989</u>	<u>(3,186,989)</u>	<u>2,929,243</u>
Total liabilities and equity	<u>20,699,524</u>	<u>7,280,759</u>	<u>(2,984,561)</u>	<u>24,995,722</u>

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

- Balance sheets at March 31, 2019

	March 31, 2019			
	Raízen Combustíveis and subsidiaries (1)	Raízen Argentina and subsidiaries	Eliminations and reclassifications (2)	Consolidated
Assets				
Current assets				
Cash and cash equivalents	2,316,713	501,878	-	2,818,591
Restricted cash	140,750	-	-	140,750
Derivative financial instruments	147,101	9,017	-	156,118
Trade accounts receivable	2,048,619	337,721	-	2,386,340
Inventories	2,180,025	1,110,063	-	3,290,088
Recoverable income and social contribution taxes	295,475	305,164	-	600,639
Recoverable taxes	1,039,900	569,793	-	1,609,693
Related parties	650,939	69,815	-	720,754
Assets from contracts with clients	421,776	7,942	-	429,718
Other receivables	43,078	103,719	-	146,797
	<u>9,284,376</u>	<u>3,015,112</u>	<u>-</u>	<u>12,299,488</u>
Non-current assets				
Trade accounts receivable	514,544	-	-	514,544
Derivative financial instruments	639,048	-	-	639,048
Recoverable taxes	384,709	-	-	384,709
Related parties	880,539	-	-	880,539
Recoverable income and social contribution taxes	-	27,568	-	27,568
Deferred income and social contribution taxes	111,909	-	-	111,909
Judicial deposits	68,097	-	-	68,097
Assets from contracts with clients	1,979,638	20,423	-	2,000,061
Other receivables	9,360	8,554	-	17,914
Investments	3,801,165	268	(3,801,165)	268
Property, plant and equipment	1,885,033	3,252,383	350,778	5,488,194
Intangible assets	654,759	9,664	462,095	1,126,518
	<u>10,928,801</u>	<u>3,318,860</u>	<u>(2,988,292)</u>	<u>11,259,369</u>
Total assets	<u><u>20,213,177</u></u>	<u><u>6,333,972</u></u>	<u><u>(2,988,292)</u></u>	<u><u>23,558,857</u></u>

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

				March 31, 2019
	Raízen Combustíveis and subsidiaries (1)	Raízen Argentina and subsidiaries	Eliminations and reclassifications (2)	Consolidated
Liabilities				
Current liabilities				
Loans and financing	23,951	392,614	-	416,565
Derivative financial instruments	79,186	-	-	79,186
Suppliers	2,563,631	1,272,561	-	3,836,192
Payroll and related charges payable	104,768	39,578	-	144,346
Income and social contribution taxes payable	5,766	71,161	-	76,927
Taxes payable	133,074	197,461	-	330,535
Dividends and interest on own capital payable	27,541	-	-	27,541
Prepaid revenues	47,844	-	-	47,844
Related parties	4,310,033	99,070	-	4,409,103
Bonuses payable	58,068	-	-	58,068
Other liabilities	349,631	255,611	-	605,242
	<u>7,703,493</u>	<u>2,328,056</u>	<u>-</u>	<u>10,031,549</u>
Non-current liabilities				
Loans and financing	4,674,547	-	-	4,674,547
Derivative financial instruments	9,438	-	-	9,438
Taxes payable	11,187	-	-	11,187
Related parties	3,062,036	-	-	3,062,036
Provision for lawsuits	944,769	96,367	-	1,041,136
Prepaid revenues	88,019	-	-	88,019
Deferred income and social contribution taxes	519,208	567,936	216,279	1,303,423
Bonuses payable	118,089	-	-	118,089
Other liabilities	18,039	137,042	-	155,081
	<u>9,445,332</u>	<u>801,345</u>	<u>216,279</u>	<u>10,462,956</u>
Total liabilities	<u>17,148,825</u>	<u>3,129,401</u>	<u>216,279</u>	<u>20,494,505</u>
Equity				
Attributed to controlling shareholders	2,823,487	3,204,571	(3,204,571)	2,823,487
Non-controlling shareholders	240,865	-	-	240,865
Total equity	<u>3,064,352</u>	<u>3,204,571</u>	<u>(3,204,571)</u>	<u>3,064,352</u>
Total liabilities and equity	<u>20,213,177</u>	<u>6,333,972</u>	<u>(2,988,292)</u>	<u>23,558,857</u>

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

- Statement of income for the three-month period ended June 30, 2019

	June 30, 2019			
	Raízen Combustíveis and subsidiaries (1)	Raízen Argentina and subsidiaries	Elimination and reclassifications (2)	Consolidated
Gross revenue from sale of products and services				
Domestic market	22,735,934	4,108,928	(4.108.584)	22,736,278
Foreign market	370,981	252,735	4.108.584	4,732,300
	<u>23,106,915</u>	<u>4,361,663</u>	-	<u>27,468,578</u>
Sales taxes and deductions	(1,064,655)	(1,276,881)	-	(2,341,536)
Net operating revenue	<u>22,042,260</u>	<u>3,084,782</u>	-	<u>25,127,042</u>
Costs of products sold and services provided	<u>(21,206,500)</u>	<u>(2,798,472)</u>	<u>(7,918)</u>	<u>(24,012,890)</u>
Gross income	<u>835,760</u>	<u>286,310</u>	<u>(7,918)</u>	<u>1,114,152</u>
Operating revenue (expenses)				
From sales	(385,256)	(160,108)	(6,624)	(551,988)
General and administrative	(121,168)	(31,391)	-	(152,559)
Other operating revenue, net	147,274	28,818	-	176,092
Equity accounting result	51,233	-	(51,233)	-
	<u>(307,917)</u>	<u>(162,681)</u>	<u>(57,857)</u>	<u>(528,455)</u>
Income before financial results and income and social contribution taxes	<u>527,843</u>	<u>123,629</u>	<u>(65,775)</u>	<u>585,697</u>
Financial results	<u>(135,080)</u>	<u>(19,125)</u>	-	<u>(154,205)</u>
Income before income and social contribution taxes	<u>392,763</u>	<u>104,504</u>	<u>(65,775)</u>	<u>431,492</u>
Income and social contribution taxes	<u>(101,722)</u>	<u>(38,729)</u>	-	<u>(140,451)</u>
Net income for the period	<u>291,041</u>	<u>65,775</u>	<u>(65,775)</u>	<u>291,041</u>
Attributable to:				
Controlling shareholders	276,684	65,775	(65,775)	276,684
Non-controlling shareholders	14,357	-	-	14,357
	<u>291,041</u>	<u>65,775</u>	<u>(65,775)</u>	<u>291,041</u>

(1) Organizations located in Brazil.

(2) Reclassifications of the fair value balances according to preliminary report on allocation of purchase price of Raízen Argentina, and amortization and depreciation of the appreciations identified. Additionally, revenues from Argentina were reclassified from domestic market to foreign market in the Consolidated financials.

The statement of income for the three-month period ended June 30, 2018 has not been presented, since the result for that period corresponded only to activities of companies located in Brazil.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

2.3. Changes in the principal accounting policies due to the new IFRS/CPC and IFRIC/ICPC

Except as described below, the accounting policies applied in this interim financial information are the same applied in the individual and consolidated financial statements of the Company in the year ended March 31, 2019.

Changes in accounting policies shall be also be reflected in the Company's financial statements for the year ending March 31, 2020.

On April 1, 2019 RCSA adopted IFRS 16 - Leases (CPC 06 (R2) - Leases) and ICPC 22 / IFRIC 23 - Uncertainties over Income Tax Treatments, issued by IASB.

2.3.1 IFRS 16 - Leases (CPC 06 (R2))

General aspects

IFRS 16 (CPC 06 (R2)) introduces a single model of accounting of leases in the statement of financial position to lessees. A lessee recognizes an asset of right of use that represents its right to use the leased asset, and a lease liability that represents its obligation to make lease payments. Optional exemptions are available for short-term leases and low value items. The lessor's accounting remains similar to the former accounting policies.

IFRS 16 (CPC 06 (R2)) replaces the existing lease standards, including CPC 06 (IAS 17) Commercial Lease Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Complementary Aspects of Commercial Lease Operations and is effective, in the case of RCSA and its subsidiaries, as of April 1, 2019.

Based on such accounting standard, the most significant impact was that the Company recognized new assets and liabilities for its leases formerly recognized as operating leases, in connection with agricultural leases, related to the bases of distribution of fuels, lease of petrol stations, areas in airports, ships and properties. In addition, the nature of expenses related to these leases were changed, since IFRS 16 (CPC 06 (R2)) replaced the linear operating lease expense for expenses of depreciation of the right of use and interest on lease liabilities.

Accounting policy

The Company recognizes an asset of right of use and a lease liability on the date of beginning of the lease. The asset of right of use is initially measured at cost and subsequently at cost less any accumulated depreciation and losses to recoverable value and adjusted at the rate of the respective agreements.

The lease liability is initially measured at the present value of the payments of rents and leases that have not been paid on the transition date, discounted using a single nominal rate, based on the Company's indebtedness, which corresponds to approximately 100% of CDI.

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Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

The Company remeasures the lease liability when there is a change in the lease term or a change in future lease payments resulting from a change in index or rate used to determine these payments, recognizing the remeasurement value of the lease liability as adjustment to the asset of right of use.

The Company applied judgment to determine the lease term of a few agreements that include renewal options. The assertiveness of the evaluation if the Company may exercise these options has direct impact on the lease term, significantly affecting the value of the lease liabilities and of the assets of right of use recognized. The options of extension and rescission are included in many lease agreements throughout the Company. These terms are used to maximize the operating flexibility as to the management of agreements.

Transition

The Company opted to adopt the modified retrospective approach, which does not require the restatement of the corresponding values, does not affect the shareholders' equity, and does not change the calculation of dividends and allows the adoption of practical expedients. Thus, the comparative information presented for the prior year was not restated, that is, it is presented as formerly reported according to CPC 06 (IAS 17) and related interpretations.

In addition, the following main practical expedients were used for the transition to the new requirements of lease accounting: (a) adoption of IFRS 16 (CPC 06 (R2)) to all the agreements signed prior to April 1, 2019 which were identified as leases according to CPC 06 (IAS 17) and related interpretations; (b) use of a single nominal discount rate to all the agreements; (c) there was no recognition of agreements expiring within the twelve-month period commencing on the date of first adoption of the standard or with indefinite terms; (d) the options of extension of term or rescission were considered, when applicable.

In the Company's view, the analyzes associated with the measurement and recognition of lease and lease agreements were substantially completed. However, the Company, due to a pending technical definition, awaits the standardization of the following matters use in estimating the payment flows of lease agreements the net or gross portion of taxes, having used the gross portion in this interim accounting information.

The table below summarizes the impacts on the transition to IFRS 16 (CPC 06 (R2)):

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June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

- Statements of financial position at March 31, 2019:

	Parent company			Consolidated				
	Disclosed at 03/31/2019	Initial adoption adjustment to IFRS 16 (CPC 06 (R2))	Note	Balance at 04/01/2019	Disclosed at 03/31/2019	Initial adoption adjustment to IFRS 16 (CPC 06 (R2))	Note	Balance at 04/01/2019
Assets								
Current assets								
Other receivables	35,301	(466)		34,835	146,797	(6,454)		140,343
Other assets	6,873,569	-		6,873,569	12,152,691	-		12,152,691
Total current assets	6,908,870	(466)		6,908,404	12,299,488	(6,454)		12,293,034
Non-current assets								
Right of use	-	234,821	11	234,821	-	529,777	11	529,777
Other assets	11,255,055	-		11,255,055	11,259,369	-		11,259,369
Total non-current assets	11,255,055	234,821		11,489,876	11,259,369	529,777		11,789,146
Total assets	18,163,925	234,355		18,398,280	23,558,857	523,323		24,082,180
Liabilities								
Current liabilities								
Lease liability	-	35,692	16	35,692	-	60,896	16	60,896
Related parties	2,949,799	16,278	8	2,966,077	4,409,103	-	8	4,409,103
Other liabilities	2,999,570	-		2,999,570	5,622,446	-		5,622,446
Total current liabilities	5,949,369	51,970		6,001,339	10,031,549	60,896		10,092,445
Non-current liabilities								
Lease liability	-	86,251	16	86,251	-	462,427	16	462,427
Related parties	3,062,031	96,134	8	3,158,165	3,062,036	-	8	3,062,036
Other liabilities	6,329,038	-		6,329,038	7,400,920	-		7,400,920
Total non-current liabilities	9,391,069	182,385		9,573,454	10,462,956	462,427		10,925,383
Equity	2,823,487	-		2,823,487	3,064,352	-		3,064,352
Total liabilities and equity	18,163,925	234,355		18,398,280	23,558,857	523,323		24,082,180

2.3.2 ICPC 22 / IFRIC 23 – Uncertainties in relation to tax treatments

This interpretation clarifies how to apply recognition and measurement requirements of CPC 32 – Income taxes (IAS 12 – Income Taxes) in case there is uncertainty on income tax treatments. In these circumstances, the entity must recognize and measure its current or deferred tax assets or liabilities by applying requirements of CPC 32 (IAS 12), based on taxable income (tax loss), tax bases, taxable losses not used, tax credits not used, and tax rates, determined in accordance with this interpretation. This interpretation is effective, in the case of the Company, as of April 1, 2019 and no impacts had been identified in connection with such interpretation and which had not been disclosed in the financial statements and interim financial information of the Company.

2.3.3 Other information

On April 1, 2019, there were no impacts on the statements of income, comprehensive income, changes in equity, cash flows and as a result of the amendments made to the new IFRSs and IFRIC mentioned above.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

3. Cash and cash equivalents

	Index	Weighted average remuneration		Parent company		Consolidated	
		06/30/2019	03/31/2019	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Funds in banks and in cash				185,192	220,135	505,865	785,752
Interest earnings bank deposits							
Investment Funds (1)	CDI	98.99%	96.7%	263,248	146,383	326,139	208,553
Bank deposit certificate (CDB) and commitments (2)	CDI	100.1%	97.3%	821,415	1,218,990	1,003,621	1,824,286
				<u>1,084,663</u>	<u>1,365,373</u>	<u>1,329,760</u>	<u>2,032,839</u>
				<u>1,269,855</u>	<u>1,585,508</u>	<u>1,835,625</u>	<u>2,818,591</u>
Domestic (domestic currency)				1,165,610	1,565,030	1,434,016	2,296,235
Abroad (foreign currency) (Note 25.d)				104,245	20,478	401,609	522,356
				<u>1,269,855</u>	<u>1,585,508</u>	<u>1,835,625</u>	<u>2,818,591</u>

(1) Refer to investment in fixed income funds managed by first-class financial institutions, divided into quotas with daily earnings and liquidity.

(2) Refer to fixed income investments in first-class financial institutions.

4. Restricted cash

	Index	Weighted average remuneration		Parent company and Consolidated	
		06/30/2019	03/31/2019	06/30/2019	03/31/2019
Financial investments linked to derivative operations (Note 25.g)	CDI	101%	101.3%	23,928	24,130
Financial investments linked to financing	CDI	100.0%	100.0%	17,516	17,281
Margin on derivative operations (Note 25.g)				<u>67,323</u>	<u>99,339</u>
				<u>108,767</u>	<u>140,750</u>
Domestic (domestic currency)				41,444	41,411
Abroad (foreign currency) (Note 25.d)				<u>67,323</u>	<u>99,339</u>
				<u>108,767</u>	<u>140,750</u>

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to the interim financial information

June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

5. Trade accounts receivable

	Parent company		Consolidated	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Domestic (domestic currency)	1,720,769	1,683,942	2,100,072	2,088,617
Abroad (foreign currency) (Note 25.d)	3,155	2,833	449,010	345,819
Funding to clients (i)	429,939	454,309	580,053	636,756
Estimated loss from allowance for doubtful accounts	(147,203)	(137,115)	(184,706)	(170,308)
	2,006,660	2,003,969	2,944,429	2,900,884
Current	(1,665,635)	(1,636,395)	(2,490,260)	(2,386,340)
Non-current	341,025	367,574	454,169	514,544

- (i) Client financing substantially consists of the payment in installments of outstanding debts and sales of properties, as well as financing agreements backed by security interest, pledges and endorsements whose main purpose is the setup or modernization of gas stations. Finance charges and repayment deadlines are agreed by contract and set according to a business assessment of each negotiation.

The Company did not pledge any trade recognized under Accounts receivable to secure financial transactions.

The maximum exposure to credit risk on the balance sheet date is the book value of each of the types of accounts receivable mentioned above.

The aging schedule of trade and other receivables and funding to clients is as follows:

	Parent company		Consolidated	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Falling due	1,781,352	1,819,874	2,559,979	2,575,986
Overdue (days):				
Up to 30 days	38,833	24,997	102,450	92,341
31to 90 days	46,960	30,347	72,092	39,285
91to 180 days	29,574	12,213	44,078	21,468
Above 180 days	257,144	253,653	350,536	342,112
	2,153,863	2,141,084	3,129,135	3,071,192

For long overdue trade with no estimated loss, the Company has real guarantees as mortgage and credit letters.

The estimated loss in allowance for doubtful accounts was calculated based on credit risk analysis, which contemplates loss history, individual situation of clients, and situation of the corporate group to which they belong, real guarantees for debts and the assessment of the legal advisors.

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Allowance for doubtful accounts is considered sufficient by the Company's Management to cover possible losses on amounts receivable; movement is as follows:

	<u>Parent</u>	<u>Consolidate</u>
March 31, 2019	(137,115)	(170,308)
Estimated loss, net	(10,088)	(14,503)
Effect of foreign currency translation	-	105
June 30, 2019	<u>(147,203)</u>	<u>(184,706)</u>

6. Inventories

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>03/31/2019</u>	<u>06/30/2019</u>	<u>03/31/2019</u>
Finished goods:				
Diesel (1)	669,918	564,476	1,233,924	988,864
Gasoline (1)	692,301	630,475	1,012,725	1,139,363
Ethanol	259,223	165,040	263,531	170,572
Jet fuel (Jet A-1)	163,210	98,119	203,640	127,967
Oil by-products (2)	12,408	11,009	252,225	220,665
Oil (crude) (3)	-	-	205,347	231,649
Other oil by-products (3)	-	-	291,019	204,611
Materials, supplies and others	6,340	14,874	208,402	221,686
Estimated loss on realization and obsolescence	(150)	(15,245)	(213)	(15,289)
	<u>1,803,250</u>	<u>1,468,748</u>	<u>3,670,600</u>	<u>3,290,088</u>

- (1) On June 30, 2019, these inventories are increased by the amount of R\$ 40,895 (plus the amount of R\$ 37,764 on March 31, 2019), as a result of fair value measurement, whose positive impact recorded in the statement of income for the period was R\$ 3,131 (positive impact of R\$ 20,717 in June 30, 2018). The Company uses the Tier 2 hierarchy to determine and disclose said fair value. See Note 25.e.
- (2) Substantially refers to inventories of fuel oil, lubricants and asphalt.
- (3) Raw material and intermediate products arising from the production process of the Raizen Argentina operation.

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The movement in the estimated loss for net realizable value and obsolescence is as follows and was recognized in the statement of income under the caption Cost of products sold and services rendered:

	<u>Parent</u>	<u>Consolidate</u>
March 31, 2019	(15,245)	(15,289)
Estimated loss	(5)	(30)
Reversal and write-off	15,100	15,106
June 30, 2019	<u>(150)</u>	<u>(213)</u>

7. Recoverable taxes

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>03/31/2019</u>	<u>06/30/2019</u>	<u>03/31/2019</u>
Refund of ICMS	205,030	247,373	312,340	334,243
Recoverable ICMS	112,481	98,018	268,351	245,850
ICMS credits generated in acquisition of property, plant and	10,694	11,032	13,399	15,182
PIS and COFINS	673,591	616,073	894,921	848,722
Value added tax	-	-	464,015	425,781
Other	1,929	1,905	189,942	153,622
Estimated loss on realization of taxes	<u>(23,942)</u>	<u>(23,942)</u>	<u>(28,998)</u>	<u>(28,998)</u>
	979,783	950,459	2,113,970	1,994,402
Current	<u>(860,598)</u>	<u>(780,523)</u>	<u>(1,779,024)</u>	<u>(1,609,693)</u>
Non-current	<u>119,185</u>	<u>169,936</u>	<u>334,946</u>	<u>384,709</u>

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8. Related parties

(a) Summary of related party balances

	Parent company		Consolidated	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Assets				
Classification of assets by currency:				
Domestic (domestic currency)	2,456,737	1,365,093	3,065,519	1,416,406
Abroad (foreign currency)	87,058	115,072	250,620	184,887
	<u>2,543,795</u>	<u>1,480,165</u>	<u>3,316,139</u>	<u>1,601,293</u>
Asset management (1)				
Raízen Energia S.A. and its subsidiaries	1,192,802	27,934	1,857,560	244,529
	<u>1,192,802</u>	<u>27,934</u>	<u>1,857,560</u>	<u>244,529</u>
Commercial and administrative operations (3)				
Rumo Group	125,715	130,026	127,010	131,622
Agricopel Group	1,895	3,440	24,239	29,446
Raízen Energia S.A. and its subsidiaries	55,001	20,429	69,246	21,062
Shell Group	87,058	115,072	250,620	184,887
Raízen Mime Combustíveis S.A.	64,470	117,955	-	-
Petróleo Sabbá S.A.	30,084	72,132	-	-
Other	6,994	8,164	8,431	5,642
	<u>371,217</u>	<u>467,218</u>	<u>479,546</u>	<u>372,659</u>
Framework agreement (4)				
Shell Brazil Holding B.V.	889,214	895,491	889,214	895,491
Shell Brasil Petróleo Ltda.	64,289	63,465	64,289	63,465
Cosan S.A.	16,342	16,126	16,342	16,126
Other	-	-	9,188	9,023
	<u>969,845</u>	<u>975,082</u>	<u>979,033</u>	<u>984,105</u>
Preferred shares (5)				
Raízen Mime Combustíveis S.A.	9,931	9,931	-	-
	<u>9,931</u>	<u>9,931</u>	<u>-</u>	<u>-</u>
	<u>2,543,795</u>	<u>1,480,165</u>	<u>3,316,139</u>	<u>1,601,293</u>
Current assets	<u>(1,661,037)</u>	<u>(591,088)</u>	<u>(2,441,571)</u>	<u>(720,754)</u>
Non-current assets	<u>882,758</u>	<u>889,077</u>	<u>874,568</u>	<u>880,539</u>

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	Parent company		Consolidated	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Liabilities				
Classification of liabilities by currency:				
Domestic (domestic currency)	1,382,224	970,547	978,175	829,321
Abroad (foreign currency)	4,819,731	5,041,283	6,317,219	6,641,818
	<u>6,201,955</u>	<u>6,011,830</u>	<u>7,295,394</u>	<u>7,471,139</u>
Asset management (1)				
Raízen Energia S.A. and its subsidiaries	-	2,402	210,495	154,275
	-	2,402	210,495	154,275
Financial operations (2)				
Raízen Fuels Finance S.A. ("Raízen Fuels")	3,121,910	3,059,942	3,121,910	3,059,942
Cosan S.A.	760	2,106	760	2,106
Other	857	2,481	2,225	2,487
	<u>3,123,527</u>	<u>3,064,529</u>	<u>3,124,895</u>	<u>3,064,535</u>
Commercial and administrative operations (3)				
Raízen Energia S.A. and its subsidiaries	122,082	214,340	1,623,593	1,730,353
Rumo Group	8,448	8,076	8,697	8,241
Petróleo Sabbá S.A.	51,042	66,757	-	-
Raízen Mime Combustíveis S.A.	43,479	70,716	-	-
Blueway Trading Importação e Exportação S.A.	610,000	172,176	-	-
Shell Group	2,299	1,533	182,643	100,603
Other	6,601	8,688	8,885	10,170
	<u>843,951</u>	<u>542,286</u>	<u>1,823,818</u>	<u>1,849,367</u>
Framework agreement (4)				
Shell Brasil Petróleo Ltda.	123,009	118,009	123,039	118,039
Shell Brazil Holding B.V.	32,401	32,770	32,521	32,891
Other	1,079	1,081	1,282	1,279
	<u>156,489</u>	<u>151,860</u>	<u>156,842</u>	<u>152,209</u>
Preferred shares (5)				
Shell Brazil Holding B.V.	292,198	290,808	292,198	290,808
	<u>292,198</u>	<u>290,808</u>	<u>292,198</u>	<u>290,808</u>
Purchase of ownership interest (6)				
B. V. Dordtsche Petroleum Maatschappij ("DPM")	477,405	553,341	477,405	553,341
Shell Overseas Investments B.V. ("SOI")	1,209,741	1,406,604	1,209,741	1,406,604
	<u>1,687,146</u>	<u>1,959,945</u>	<u>1,687,146</u>	<u>1,959,945</u>
Lease liability (7)				
Saturno Investimentos Imobiliários Ltda.	112,190	-	-	-
	<u>112,190</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,215,501</u>	<u>6,011,830</u>	<u>7,295,394</u>	<u>7,471,139</u>
Current liabilities	<u>(3,857,813)</u>	<u>(2,949,799)</u>	<u>(5,032,256)</u>	<u>(4,409,103)</u>
Non-current liabilities	<u>2,357,688</u>	<u>3,062,031</u>	<u>2,263,138</u>	<u>3,062,036</u>

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In thousands of reais - R\$, unless otherwise indicated

(1) Asset management

The amounts recorded in assets refer to funds available to Raízen Energia S.A. (“RESA”) as a form of managing financial resources. On these transactions, the Company recorded in the three-month period ended June 30, 2019, financial expenses in the amount of R\$ 7.236 and R\$ 16,601 (R\$ 728 and R\$ 3,709 as of June 30, 2018), Parent Company and Consolidated, respectively, according to the cash financial management, under the terms of the resource management agreement.

The amounts recorded in liabilities refer to funds received from RESA as a form of managing financial resources. On these transactions, the Company recorded in the three-month period ended June 30, 2019, financial expenses in the amount of R\$ zero and R\$ 3,558 (R\$ 470 and R\$ 4,333 as of June 30, 2018), Parent Company and Consolidated, respectively, according to the cash financial management, under the terms of the resource management agreement.

(2) Financial operations

As of June 30 and March 31, 2019, the amount recorded in liabilities of the Parent Company and Consolidated refers mainly to export prepayment agreements (“PPE”) payable to Raízen Fuels, as shown below:

Contract	Currency	Principal value in foreign currency	Maturity	Annual effective average interest rate	Index	Parent company and consolidated	
						06/30/2019	03/31/2019
PPE	US\$	219,000	04/27/2020	4.04%	Libor	849,553	863,298
PPE	US\$	350,000	01/20/2027	5.49%	-	1,498,673	1,429,678
		569,000				2,348,226	2,292,976
PPE	€	66,000	10/15/2021	3.09%	-	313,564	309,372
PPE	€	40,000	01/20/2022	1.90%	Euribor	182,350	181,557
PPE	€	60,000	09/21/2022	2.16%	Euribor	277,770	276,037
		166,000				773,684	766,966
						3,121,910	3,059,942
				Current		(879,577)	(20,091)
				Non-current		2,242,333	3,039,851

Fair value

Description	Classification	Parent company and consolidated					
		Book value		Fair value (1)		Financial results	
		06/30/2019	03/31/2019	06/30/2019	03/31/2019	06/30/2019	06/30/2018
PPE	Fair value through profit or loss	2,944,399	2,963,728	3,121,910	3,059,942	(81,297)	50,321
		<u>2,944,399</u>	<u>2,963,728</u>	<u>3,121,910</u>	<u>3,059,942</u>	<u>(81,297)</u>	<u>50,321</u>

(1) As of June 30, 2019 and March 31, 2019, it includes the fair value evaluation in the amount of R\$ 177,511 and R\$ 96,214, respectively.

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(3) Commercial and administrative operations

On June 30, 2019, the amounts recorded in assets refer to commercial operations of sale of products, such as petrol, diesel and Jet.

On June 30, 2019, the amounts recorded in liabilities refer to commercial operations of purchase of products and provision of services such as ethanol, diesel, petrol, road and railway freight, storage and debit notes of reimbursement of shared expenses.

(4) Framework agreement

The sums recorded in assets and liabilities refer to refundable values chargeable to shareholders, existing prior to the creation of Raízen, when actually realized or settled.

(5) Preferred shares

On June 30 and March 31, 2019, it is related to credit from preferred shares receivable from Mime related to the earnings from certain disinvestments made thereby.

Class E preferred shares payable refer to tax credits deriving from overpayment by Shell of income taxes (“IRPJ”) and social contribution (“CSLL”) for 2010 and 2011, to be reimbursed to Shell as they are used by RCSA.

(6) Purchase of ownership interest

The amounts recorded in liabilities, related to such nature, refer to values payable up to December 2019 to SOI and DPM, for the acquisition of the downstream business of Shell Group in Argentina.

During the three-month period ended June 30, 2019, RCSA recognized a loss in the financial income (loss), related to such balance payable, totaling R\$ 13,161. Moreover, RCSA considered part of the debt as hedge of net investment in foreign entity. The amount classified in equity in caption “equity valuation adjustments”, during the three-month period ended June 30, 2019, represent a loss of R\$ 3,098, whose balance as of June 30, 2019 is R\$ 51,137 (R\$ 54,235 as of March 31, 2019).

(7) Lease liability

The movement in the lease liability for the three-month period ended June 30, 2019 are as follows:

	Parent company
March 31, 2019	-
Initial adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.1)	<u>112,412</u>
April 1, 2019	<u>112,412</u>
Payments	(2,711)
Inflation adjustment	<u>2,489</u>
June 30, 2019	<u><u>112,190</u></u>
Current	<u>(17,637)</u>
Non-current	<u>94,553</u>

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(b) Related party transactions (7)

	Parent company		Consolidated	
	Apr–Jun/19	Apr–Jun/18	Apr–Jun/19	Apr–Jun/18
Sale of products				
Rumo Group (4)	298,714	301,386	300,017	302,959
Shell Group (8)	304,876	84,757	388,262	84,757
Agricopel Group (5)	25,632	18,764	209,751	200,973
Raízen Energia S.A. and its subsidiaries	213,796	205,400	213,796	205,400
Petróleo Sabbá S.A.	104,802	113,111	-	-
Raízen Mime Combustíveis S.A.	386,110	278,886	-	-
Other	13,421	26,407	16,944	26,407
	<u>1,347,351</u>	<u>1,028,711</u>	<u>1,128,770</u>	<u>820,496</u>
Purchase of goods and services				
Raízen Energia S.A. and its subsidiaries (6)	(249,928)	(282,957)	(2,382,697)	(1,378,908)
Shell Group (8)	(1,440)	(2,875)	(375,788)	(10,132)
Rumo Group (4)	(42,659)	(35,298)	(44,361)	(36,796)
Agricopel Group (5)	(12,890)	(4,541)	(23,999)	(16,648)
Blueway Trading Importação e Exportação S.A. (6)	(2,453,531)	(1,536,031)	-	-
Petróleo Sabbá S.A. (6)	(372,311)	(351,177)	-	-
Raízen Mime Combustíveis S.A.	(173,011)	(163,730)	-	-
Other	(5,442)	(4,002)	(20,782)	(3,998)
	<u>(3,311,212)</u>	<u>(2,380,611)</u>	<u>(2,847,627)</u>	<u>(1,446,482)</u>
Financial income (expenses) (1)				
Raízen Energia S.A. and its subsidiaries	(69,038)	(374,643)	(47,727)	(437,708)
SOI e DPM	(16,259)	-	(16,259)	-
Saturno Investimentos Imobiliários Ltda.	(2,488)	-	-	-
Other	7,892	17,233	8,214	39
	<u>(79,893)</u>	<u>(357,410)</u>	<u>(55,772)</u>	<u>(437,670)</u>
Service Income (2)				
Petróleo Sabbá S.A.	1,847	2,900	-	-
Raízen Mime Combustíveis S.A.	1,662	1,809	-	-
Agricopel Group	26	-	765	26
Shell Aviation Limited	185	608	185	608
Shell Brazil Holding B.V.	294	11,377	294	11,377
Raízen Energia S.A. and its subsidiaries	509	122	509	122
Other	422	180	247	6
	<u>4,945</u>	<u>16,996</u>	<u>2,000</u>	<u>12,139</u>
Service expenses (3)				
Raízen Energia S.A. and its subsidiaries	(29,988)	(30,491)	(34,016)	(33,008)
Saturno Investimentos Imobiliários Ltda.	-	(9,494)	-	-
Shell Brasil Petróleo Ltda.	(5,040)	(4,011)	(5,040)	(4,011)
Shell International Petroleum	(1,370)	(1,444)	(1,370)	(1,444)
Shell Aviation Limited	(766)	-	(766)	-
Other	(1,235)	(857)	-	-
	<u>(38,399)</u>	<u>(46,297)</u>	<u>(41,192)</u>	<u>(38,462)</u>

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- (1) Financial income (expenses) correspond to: (i) interest and exchange-rate changes of export prepayments, funded with Raízen Fuels, RESA's subsidiary, (ii) results obtained under the financial resource management agreement between the companies; (iii) interest and foreign exchange rate on balance payable to SOI and DPM for the acquisition of Raízen Argentina and (iv) commercial foreign exchange rate.
- (2) Refer to: (i) commissions on the sales of lubricants to Shell and (ii) shared expenses consists of expenses incurred by shared corporate, managerial and operating costs reimbursed from its subsidiaries.
- (3) Refer to: (i) shared expenses of expenditures incurred by shared corporate, managerial and operating costs from RESA; and (ii) expenses incurred with technical support, billing and collection, commissions on the sale of jet fuel and seconders from Shell.
- (4) The term Rumo Group refers to the railway and port operations represented by the companies Rumo S.A., Elevações Portuárias S.A, Logisport Armazéns Gerais S.A., Rumo Malha Sul S.A., Rumo Malha Oeste S.A., Rumo Malha Paulista S.A., Rumo Malha Norte S.A., ALL América Latina Logística Rail Management, Portofer Transporte Ferroviário Ltda. and Brado Logística S.A.
- (5) The term Agrícola Group refers mainly to the trading of fuel represented by the companies Agrícola Comércio de Derivados de Petróleo Ltda. e Posto Agrícola Ltda., whose relationship occurs through FIX Investimentos Ltda., which is the non-controlling shareholder of Mime.
- (6) Company's purchase transactions from subsidiaries Blueway, Sabbá, Mime and Agrícola Ponte Alta Ltda. and Raízen Trading LLP, controlled by RESA, are substantially represented by those originated from imports of ethanol and its by-products in foreign market.
- (7) Transactions with related parties are entered into under reasonable and cumulative conditions, in line with those prevailing in the market or that the Company would contract with third parties.
- (8) The term Shell Group refers to commercial operations, mainly by the companies Shell Aviation Limited and Shell Trading US Company.

(c) **Directors and members of the Board of Directors**

Fixed and variable remuneration to Raízen Group's key management personnel, including statutory officers and members of the Board of Directors, recognized in the income (loss) for the period is as follows:

	<u>Apr-Jun/19</u>	<u>Apr-Jun/18</u>
Regular remuneration	(13,286)	(12,977)
Bonuses and other variable remuneration	<u>(10,664)</u>	<u>(7,470)</u>
Total remuneration	<u>(23,950)</u>	<u>(20,447)</u>

The Company shares the corporate, managerial and operational structures and costs of its related party RESA. The key management personnel is mostly comprised by RESA employees and the costs are transferred to the Company via issue of debit note. During the three-month period ended June 30, 2019, the Company reimbursed RESA in the amount of R\$ 11,771 (R\$ 13,658 for the three-month period ended June 30, 2018) for such expenditures that are related to the entire corporate structure.

(d) **Other significant information involving related parties**

Guarantees

The Company is the guarantor of certain debts of its related party RESA.

Committed Back-up Credit Facility Agreement

RCSA is beneficiary of a revolving credit facility agreement ("Committed Back-up Credit Facility Agreement") of US\$ 700,000 granted by Shell Finance (Netherlands) B.V. and Cosan S.A. Until the end of the period ended June 30, 2019 such credit facility had not been used, and it was renewed and its new maturity is May 2021.

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9. Assets from contracts with clients

This is equal to bonuses granted to RCSA's clients and depends on terms and future performance, in particular of the volumes as provided in supply agreements. Inasmuch as contractual conditions are met, bonuses are amortized and recognized in the income figures, in Taxes, deductions and rebates on sales (Note 21).

	<u>Parent company</u>	<u>Consolidated</u>
Balances at March 31, 2019	2,053,453	2,429,779
Additions	146,491	171,742
Amortization (Note 21)	(98,666)	(118,327)
Effect of foreign currency translation	-	(502)
Balances at June 30, 2019	<u>2,101,278</u>	<u>2,482,692</u>
Current	<u>(369,407)</u>	<u>(442,980)</u>
Non-current	<u>1,731,871</u>	<u>2,039,712</u>

10. Investments

(a) Parent company

	Country	Business	Equity interest percentage	Investments		Equity in net income of subsidiaries	
				06/30/2019	03/31/2019	Apr-Jun/19	Apr-Jun/18
<u>Accounting value – parent company</u>							
Raízen Argentina and subsidiaries	Argentina	Trade of fuels	100.00%	2,623,386	3,204,571	51,233	-
Petróleo Sabbá S.A.	Brazil	Trade of fuels	80.00%	778,680	729,874	48,808	8,051
Raízen Mime Combustíveis S.A.	Brazil	Trade of fuels	76.00%	173,275	165,325	7,950	9,498
Blueway Trading Importação e Exportação S.A.	Brazil	Import / Export	99.99%	241,741	248,778	(7,035)	6,122
Sabor Raiz Alimentação S.A.	Brazil	Food	69.35%	313	306	7	(15)
Saturno Investimentos Imobiliário Ltda.	Brazil	Real estate investments	99.99%	252,901	244,960	7,941	39,633
Raízen Conveniências Ltda.	Brazil	Convenience Stores	99.99%	65,491	51,567	13,924	17,103
Subtotal Parent Company				<u>4,135,787</u>	<u>4,645,381</u>	<u>122,828</u>	<u>80,392</u>
<u>Appreciation of assets, net assigned</u>							
Raízen Argentina and subsidiaries (i)				392,952	402,545	(14,540)	-
Raízen Mime Combustíveis S.A.				9,904	10,572	(668)	(671)
				<u>402,856</u>	<u>413,117</u>	<u>(15,208)</u>	<u>(671)</u>
<u>Investment goodwill</u>							
Raízen Argentina and subsidiaries				202,954	202,954	-	-
				<u>202,954</u>	<u>202,954</u>	<u>-</u>	<u>-</u>
Total investments				<u>4,741,597</u>	<u>5,261,452</u>	<u>107,620</u>	<u>79,721</u>

(i) These appreciations are presented net of deferred tax liabilities, in the amount of R\$ 202,428 (R\$ 207,375 as of March 31, 2019). During the three month period ended June 30, 2019, the impact of such taxes on the realizations of appreciations totaled R\$ 4,947 and was recognized in the result for the period in the line of Income Tax and deferred social contribution.

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Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

(b) Consolidated

The consolidated investment balance, in the amount of R\$ 268, corresponds to the 3.5% interest in Termap S.A. held by Raizen Argentina and subsidiaries.

(c) Movement in investments

March 31, 2019	<u>5,261,452</u>
Equity pick-up	107,620
Addition (1)	4,750
Write-off (2)	(585,045)
Effect of foreign currency translation and other	<u>(47,180)</u>
Balances at June 30, 2019	<u><u>4,741,597</u></u>

(1) Capital increase at RAHSAU performed by RCSA in the amount of R\$ 4,750, decided and approved on June 25, 2019.

(2) Refers to partial sale of RCSA's equity interest in the direct subsidiary RASA, corresponding to 13.89% of its capital stock, to the direct subsidiary RAHSAU, for the amount of R\$ 585,045. As result of this operation, RCSA's interest in RASA, was diluted from 95% to 81.11% and RAHSAU's interest increased from 5% to 18.89%, without change of direct control by RCSA in RASA and without effect on the result for the period since they are transactions between partners.

11. Right of use

	<u>Parent company</u>			
	<u>Property</u>	<u>Aircrafts, crafts and Vehicles</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost or evaluation:				
March 31, 2019	-	-	-	-
Adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.1)	<u>225,084</u>	<u>9,274</u>	<u>463</u>	<u>234,821</u>
April 1, 2019	<u>225,084</u>	<u>9,274</u>	<u>463</u>	<u>234,821</u>
Addition	4,617	-	32	4,649
Write-off	(9,391)	-	-	(9,391)
Remeasurement	<u>1,379</u>	<u>(196)</u>	<u>-</u>	<u>1,183</u>
Closing balance	<u><u>221,689</u></u>	<u><u>9,078</u></u>	<u><u>495</u></u>	<u><u>231,262</u></u>
Amortization:				
March 31, 2019	-	-	-	-
Amortization in the period	<u>(8,953)</u>	<u>(1,248)</u>	<u>(28)</u>	<u>(10,229)</u>
Closing balance	<u><u>(8,953)</u></u>	<u><u>(1,248)</u></u>	<u><u>(28)</u></u>	<u><u>(10,229)</u></u>
Net residual value	<u>212,736</u>	<u>7,830</u>	<u>467</u>	<u>221,033</u>

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

	Consolidated				
	Land	Property	Aircrafts, crafts and Vehicles	Machinery and equipment	Total
Cost or evaluation:					
March 31, 2019	-	-	-	-	-
Adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.1)	58,960	162,570	307,784	463	529,777
April 1, 2019	58,960	162,570	307,784	463	529,777
Additions	22,007	4,617	-	32	26,656
Write-off	-	(9,391)	-	-	(9,391)
Remeasurement	30,552	1,391	(30,589)	-	1,354
Effect of foreign currency translation and other	(3,103)	(851)	(7,184)	-	(11,138)
Closing balance	<u>108,416</u>	<u>158,336</u>	<u>270,011</u>	<u>495</u>	<u>537,258</u>
Amortization:					
March 31, 2019	-	-	-	-	-
Amortization in the period	(4,635)	(16,624)	(29,921)	(93)	(51,273)
Effect of foreign currency translation	90	168	638	65	961
Closing balance	<u>(4,545)</u>	<u>(16,456)</u>	<u>(29,283)</u>	<u>(28)</u>	<u>(50,312)</u>
Net residual value:	<u>103,871</u>	<u>141,880</u>	<u>240,728</u>	<u>467</u>	<u>486,946</u>

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Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

12. Property, plant and equipment

	Parent company							
	Land	Buildings and improvements	Machinery, equipment and facilities	Aircrafts, crafts and Vehicles	Furniture, fixtures and IT equipment	Works in progress	Other	Total
Cost:								
March 31, 2019	403,006	378,163	1,147,751	111,762	22,214	151,611	17,049	2,231,556
Additions	-	-	-	-	-	25,207	-	25,207
Write-offs	(10,161)	(7,453)	(16,166)	(93)	(2,511)	-	-	(36,384)
Estimated loss, net (Note 23)	-	-	(339)	-	1	-	-	(338)
Transfers (1)	-	2,829	13,744	115	410	(17,280)	-	(182)
June 30, 2019	392,845	373,539	1,144,990	111,784	20,114	159,538	17,049	2,219,859
Accumulated depreciation:								
March 31, 2019	-	(52,654)	(564,575)	(64,551)	(11,375)	-	(12,596)	(705,751)
Depreciation in the period	-	(2,171)	(18,108)	(1,774)	(1,159)	-	(520)	(23,732)
Write-offs	-	2,605	13,958	93	2,323	-	-	18,979
June 30, 2019	-	(52,220)	(568,725)	(66,232)	(10,211)	-	(13,116)	(710,504)
Net residual value:								
June 30, 2019	392,845	321,319	576,265	45,552	9,903	159,538	3,933	1,509,355
March 31, 2019	403,006	325,509	583,176	47,211	10,839	151,611	4,453	1,525,805

(1) Refers to amounts transferred to intangible assets (software).

(1)

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

	Consolidated							
	Land	Buildings and improvements	Machinery, equipment and facilities	Aircrafts, crafts and Vehicles	Furniture, fixtures and IT equipment	Works in progress	Other	Total
Cost:								
March 31, 2019	1,067,701	1,142,649	3,642,759	136,367	54,669	501,828	12,103	6,558,076
Additions	-	-	(136)	70	272	100,207	4,293	104,706
Write-offs	(10,161)	(7,490)	(17,293)	(851)	(3,081)	-	(1,880)	(40,756)
Estimated loss, net (Note 20)	-	-	(339)	-	1	-	-	(338)
Transfers (1)	5,563	7,416	69,772	925	808	(105,072)	-	(20,588)
Effect of foreign currency translation	(8,776)	(9,995)	(35,563)	(368)	(271)	(1,818)	28	(56,763)
June 30, 2019	1,054,327	1,132,580	3,659,200	136,143	52,398	495,145	14,544	6,544,337
Accumulated depreciation:								
March 31, 2019	-	(99,504)	(869,061)	(64,191)	(24,240)	-	(12,886)	(1,069,882)
Depreciation in the period	-	(11,371)	(94,434)	(3,151)	(2,262)	-	(539)	(111,757)
Write-offs	-	2,695	17,818	547	2,888	-	-	23,948
Effect of foreign currency translation	-	499	3,464	48	54	-	-	4,065
June 30, 2019	-	(107,681)	(942,213)	(66,747)	(23,560)	-	(13,425)	(1,153,626)
Net residual value:								
June 30, 2019	1,054,327	1,024,899	2,716,987	69,396	28,838	495,145	1,119	5,390,711
March 31, 2019	1,067,701	1,043,145	2,773,698	72,176	30,429	501,828	(783)	5,488,194

(2) Net transfers amounts R\$ 20,588 and relates to: (i) Items transferred to software cost, within the caption intangibles, in the amount of R\$ 175; and (ii) items transferred from other liabilities, which are comprised mainly by the reduction in the provision for removal of tankers in the amount of R\$ 20,413.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

Borrowing cost capitalization

In the three-month period ended June 30, 2019, capitalized loan costs, Parent Company and Consolidated statements, totaled R\$ 100 (R\$ 633 on June 30, 2018). As of June 30, 2019, the annual weighted average rate of debt financial charges, Parent Company and Consolidated is 7.89% (9.48% as of June 30, 2018).

13. Intangible assets

	Parent company			
	Software license	Goodwill	Brands	Total
Cost or evaluation:				
March 31, 2019	288,123	439,585	532,078	1,259,786
Additions	7,106	-	-	7,106
Transfers (1)	182	-	-	182
June 30, 2019	295,411	439,585	532,078	1,267,074
Amortization:				
March 31, 2019	(190,738)	-	(422,696)	(613,434)
Amortization in the period	(4,393)	-	(13,126)	(17,519)
June 30, 2019	(195,131)	-	(435,822)	(630,953)
Net residual value:				
June 30, 2019	100,280	439,585	96,256	636,121
March 31, 2019	97,385	439,585	109,382	646,352

(1) These are related to amounts transferred from Property, plant and equipment.

	Consolidated				
	Software license	Goodwill	Brands	Contractual relationships with clients	Total
Cost or evaluation:					
March 31, 2019	306,613	642,539	532,348	268,539	1,750,039
Additions	7,332	-	-	-	7,332
Transfers (1)	175	-	-	-	175
Effect of foreign currency translation	(151)	-	-	-	(151)
June 30, 2019	313,969	642,539	532,348	268,539	1,757,395
Amortization:					
March 31, 2019	(190,334)	-	(422,952)	(10,235)	(623,521)
Amortization in the period	(5,167)	-	(13,126)	(5,117)	(23,410)
Effect of foreign currency translation	5	-	-	-	5
June 30, 2019	(195,496)	-	(436,078)	(15,352)	(646,926)
Net residual value:					
June 30, 2019	118,473	642,539	96,270	253,187	1,110,469
March 31, 2019	116,279	642,539	109,396	258,304	1,126,518

(1) These are related to amounts transferred from Property, plant and equipment.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

14. Suppliers

	Parent company		Consolidated	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Suppliers of ethanol	316,988	277,297	357,118	317,237
Oil and by-product suppliers	334,629	358,784	1,274,424	1,203,637
Suppliers of materials and services	84,462	89,320	235,070	299,556
Suppliers - Agreements	1,568,752	1,617,397	2,206,318	2,015,762
	<u>2,304,831</u>	<u>2,342,798</u>	<u>4,072,930</u>	<u>3,836,192</u>
Domestic (domestic currency)	2,300,433	2,338,648	2,577,913	2,559,481
Abroad (foreign currency) (Note 25.d)	4,398	4,150	1,495,017	1,276,711
	<u>2,304,831</u>	<u>2,342,798</u>	<u>4,072,930</u>	<u>3,836,192</u>

The characteristics of the suppliers are the same as those disclosed in the annual financial statements of March 31, 2019 (Note 13), and there were no increases in the recognition, measurement and accounting procedures, as well as significant changes in credit risk of the counterparties involved in balances.

15. Loans and financing

Description	Final maturity	Index	Annual effective average interest rate (1)		Parent company		Consolidated	
			06/30/2019	03/31/2019	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Classification of debts per currency:								
Denominated in Reais					745,585	738,700	745,585	738,700
Denominated in US\$ (Note 25.d)					4,527,680	3,959,974	5,390,982	4,352,588
					<u>5,273,265</u>	<u>4,698,674</u>	<u>6,136,567</u>	<u>5,091,288</u>
Type of debts (2):								
BNDES	Dec/21	URTJLP	8.2%	9.0%	3,227	4,167	3,227	4,167
BNDES	Dec/20	Fixed	6.0%	6.0%	149	174	149	174
BNDES	Jul/21	UMBND	6.4%	6.4%	1,428	1,649	1,428	1,649
Certificate of Agribusiness Receivables (CRA)	Dec/23	CDI	6.2%	6.2%	502,448	509,942	502,448	509,942
CRA	Dec/24	IPCA	8.8%	8.8%	238,333	222,768	238,333	222,768
PPE	Oct/25	US\$ + Libor	3.7%	3.9%	4,527,680	3,959,974	5,390,983	4,352,588
					<u>5,273,265</u>	<u>4,698,674</u>	<u>6,136,568</u>	<u>5,091,288</u>
Expenses incurred with the placement of the securities:								
					(156)	(176)	(156)	(176)
					<u>5,273,109</u>	<u>4,698,498</u>	<u>6,136,412</u>	<u>5,091,112</u>
Current								
					(17,843)	(23,951)	(306,148)	(416,565)
Non-current								
					<u>5,255,266</u>	<u>4,674,547</u>	<u>5,830,264</u>	<u>4,674,547</u>

(1) The annual effective interest rate is the contract rate plus, Libor (London InterBank Offered Rate), URTJLP, UMBND-M, UMBND, IPCA and CDI, where applicable.

(2) Loans and financing with BNDES are secured when applicable, by assets, fixed assets and/or RESA's aval.

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As of June 30, 2019, installments falling due in the long term, less the amortizations of expenses incurred with the placement of securities, Parent Company and Consolidated, have the following schedule:

Months:	<u>Parent</u>	<u>Consolidate</u>
13–24	959,318	959,318
25–36	191,670	191,670
37–48	1,651,147	2,226,145
49–60	766,440	766,440
61–72	1,510,379	1,510,379
73–84	176,312	176,312
	<u>5,255,266</u>	<u>5,830,264</u>

Committed Back-up Credit Facility

On April 29, 2019, RCSA and its subsidiary RAHSAU withdraw the total remaining amount of US\$ 300,000 thousand of credit line denominated Committed Back-up Credit Facility held with the international bank syndicate. Such loans bear interim Libor plus annual interest of 1.15% resulting in an effective average interest rate of 3.46% per annum, with final maturity in April 2025.

Covenants

The Company and its subsidiaries are not subject to comply with financial ratios, being subject only to certain covenants in loans and financing contracts, such as “cross-default” and “negative pledge”.

Fair value

Description	Classification	Book value		Fair value		Consolidated	
		06/30/2019	03/31/2019	06/30/2019	03/31/2019	06/30/2019	06/30/2018
PPE	Fair value through profit or loss	4,415,239	3,905,415	4,527,681	3,959,974	(57,883)	20,664
CRA	Fair value through profit or loss	222,538	217,476	238,333	222,768	(10,503)	-
		<u>4,637,777</u>	<u>4,122,891</u>	<u>4,766,014</u>	<u>4,182,742</u>	<u>(68,386)</u>	<u>20,664</u>

- (1) It includes the fair value evaluation as of June 30, 2019 and March 31, 2019 in the amount of R\$ 128,237 and R\$ 59,850.

Other loans and financing do not have a value quoted and their fair value is close to the book value due to their exposure to variable interest rates and insignificant changes in the Company's credit risk.

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16. Lease liability

Change in lease liabilities, during the three-month period ended June 30, 2019, is as follows:

	<u>Parent company</u>	<u>Consolidated</u>
March 31, 2019	-	-
First adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.1)	121,943	523,323
April 1, 2019	121,943	523,323
Addition	4,649	26,654
Write-off	(9,426)	(9,426)
Payment	(5,637)	(46,802)
Inflation adjustment	2,313	11,248
Remeasurement	1,183	1,354
Effect of foreign currency translation	-	(7,143)
	<u>115,025</u>	<u>499,208</u>
Denominated in reais	115,025	117,220
Denominated in US Dollar (US\$) (Note 25.d)	-	381,988
	<u>115,025</u>	<u>499,208</u>
Current	<u>(38,421)</u>	<u>(214,529)</u>
Non-current	<u>76,604</u>	<u>284,679</u>

17. Income and social contribution taxes

(a) Reconciliation of income tax (IRPJ) and social contribution (CSLL) expense:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Apr-Jun/19</u>	<u>Apr-Jun/18</u>	<u>Apr-Jun/19</u>	<u>Apr-Jun/18</u>
Income before income and social contribution taxes	338,824	315,547	431,492	342,581
Income and social contribution taxes at nominal rate (34%)	(115,200)	(107,286)	(146,707)	(116,478)
Adjustments for calculation of effective rate:				
Interest on own capital	13,600	16,320	13,600	16,320
Equity accounting results	41,535	27,104	-	-
Difference between deemed income and taxable income rates	-	-	3,018	15,479
Gifts, donations, class association	(2,681)	(1,418)	(2,962)	(2,589)
Other	606	74	(7,400)	211
	<u>(62,140)</u>	<u>(65,206)</u>	<u>(140,451)</u>	<u>(87,057)</u>
Income tax and social contribution expense	<u>(62,140)</u>	<u>(65,206)</u>	<u>(140,451)</u>	<u>(87,057)</u>
Effective rate	18.3%	20.7%	32.6%	25.4%

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(b) Recoverable income and social contribution taxes (current and non-current):

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>03/31/2019</u>	<u>06/30/2019</u>	<u>03/31/2019</u>
IRPJ	108,645	104,057	191,678	184,474
CSLL	66,629	65,822	112,470	111,001
Argentinian tax credits on income	-	-	154,417	332,732
	<u>175,274</u>	<u>169,879</u>	<u>458,565</u>	<u>628,207</u>
Current assets	<u>(175,274)</u>	<u>(169,879)</u>	<u>(430,887)</u>	<u>(600,639)</u>
Non-current assets	<u>-</u>	<u>-</u>	<u>27,678</u>	<u>27,568</u>

(c) Income and social contribution taxes payable (current):

	<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>03/31/2019</u>
IRPJ	4,234	4,133
CSLL	1,571	1,633
Argentinian tax debits on income	<u>110,370</u>	<u>71,161</u>
	<u>116,175</u>	<u>76,927</u>

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(d) Deferred income and social contribution taxes in assets and liabilities:

Assets (liabilities)	06/30/2019				Parent company		06/30/2019				Consolidated	
	Base	IRPJ 25%	CSLL 9%	Total	03/31/2019	Total	Base	IRPJ 25%	CSLL 9%	Total	03/31/2019	Total
Tax losses	-	-	-	-	-	-	294,824	73,706	-	73,706	-	78,233
Negative basis for social contribution	-	-	-	-	-	-	294,824	-	26,534	26,534	-	28,164
Temporary differences:												
Fair value of financial liabilities	305,748	76,434	27,519	103,953	53,062	-	305,748	76,434	27,519	103,953	53,062	53,062
Remuneration and employee benefits	102,144	25,536	9,193	34,729	30,311	-	107,568	26,892	9,681	36,573	31,881	31,881
Lease liabilities and right of use	3,644	911	328	1,239	-	-	3,779	945	340	1,285	-	-
Exchange-rate changes	-	-	-	-	-	38,010	-	-	-	-	-	51,053
Provisions and other temporary differences	420,333	105,083	37,830	142,913	163,102	-	520,994	130,249	46,889	177,138	-	165,606
Total deferred tax assets		207,964	74,870	282,834	284,485			308,226	110,963	419,189		407,999
Amortized tax goodwill	(938,288)	(234,572)	(84,446)	(319,018)	(317,172)		(938,288)	(234,572)	(84,446)	(319,018)		(317,172)
Exchange-rate changes	(23,774)	(5,944)	(2,140)	(8,083)	-		(55,609)	(13,902)	(5,005)	(18,907)		-
Fair value of inventories	(40,894)	(10,224)	(3,680)	(13,904)	(12,840)		(40,894)	(10,224)	(3,680)	(13,904)		(12,840)
Fair value of fixed assets, intangible assets and other	(182,085)	(45,521)	(16,388)	(61,909)	(86,420)		(797,444)	(199,361)	(71,770)	(271,131)		(300,732)
Refund of ICMS	(150,038)	(37,509)	(13,503)	(51,013)	(47,812)		(233,182)	(58,296)	(20,986)	(79,282)		(71,575)
Review of the useful life of property, plant and equipment	(79,176)	(19,794)	(7,126)	(26,920)	(24,554)		(86,894)	(21,723)	(7,821)	(29,544)		(26,817)
Cost of capitalized loans	(30,886)	(7,721)	(2,781)	(10,502)	(11,728)		(30,888)	(7,721)	(2,781)	(10,502)		(11,728)
Revaluation of fixed assets	-	-	-	-	-		(1,467,585)	(366,896)	(132,083)	(498,979)		(546,633)
Result unrealized with derivatives	(566,239)	(141,559)	(50,962)	(192,521)	(218,124)		(520,344)	(130,086)	(46,831)	(176,917)		(233,666)
Contractual relationships with clients	(204,147)	(51,037)	(18,373)	(69,410)	(70,505)		(225,844)	(56,461)	(20,326)	(76,787)		(78,350)
Total deferred tax liabilities		(553,881)	(199,399)	(753,280)	(789,155)			(1,099,242)	(395,729)	(1,494,971)		(1,599,513)
Total deferred taxes		(345,917)	(124,529)	(470,446)	(504,670)			(791,016)	(284,766)	(1,075,782)		(1,191,514)
Deferred taxes - Assets, net				-	-					114,478		111,909
Deferred taxes - Liabilities, net				(470,446)	(504,670)					(1,190,260)		(1,303,423)
Total deferred taxes				(470,446)	(504,670)					(1,075,782)		(1,191,514)

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In thousands of reais - R\$, unless otherwise indicated

Net movement in deferred tax liabilities:

	<u>Parent company</u>	<u>Consolidated</u>
Balance at March 31, 2019	(504,670)	(1,191,514)
Credit in income	36,337	105,419
Deferred taxes on other comprehensive income	2,834	2,834
Effect of foreign currency translation and other	<u>(4,947)</u>	<u>7,479</u>
Balance at June 30, 2019	<u>(470,446)</u>	<u>(1,075,782)</u>

18. Provision for lawsuits and judicial deposits

Breakdown of legal disputes considered as probable loss

In the Company's formation process, the parties agreed that Shell should reimburse the Company for the amount of the lawsuits filed with the Company prior to its formation. As of June 30 and March 31, 2019, balance of said claims to be reimbursed and claims that are not reimbursable are as follow:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>03/31/2019</u>	<u>06/30/2019</u>	<u>03/31/2019</u>
Tax	750,693	745,935	757,093	752,477
Civil	110,606	118,418	158,115	165,684
Labor	27,523	29,706	33,673	35,960
Environmental	35,609	42,241	77,777	87,015
	<u>924,431</u>	<u>936,300</u>	<u>1,026,658</u>	<u>1,041,136</u>
Non-reimbursable legal disputes	35,880	35,453	133,111	135,368
Reimbursable legal disputes	<u>888,551</u>	<u>900,847</u>	<u>893,547</u>	<u>905,768</u>
	<u>924,431</u>	<u>936,300</u>	<u>1,026,658</u>	<u>1,041,136</u>

The arrangements made for Company's setup also established that the Company should refund Shell regarding the judicial deposits made before Raizen's setup. As of June 30 and March 31, 2019, balances of refundable deposits and deposits that are not refundable are as follow:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>03/31/2019</u>	<u>06/30/2019</u>	<u>03/31/2019</u>
Tax	26,095	26,622	27,044	27,560
Civil	12,721	13,201	27,343	27,605
Labor	12,086	12,344	12,360	12,932
	<u>50,902</u>	<u>52,167</u>	<u>66,747</u>	<u>68,097</u>
Own judicial deposits	33,585	33,420	45,071	45,057
Reimbursable judicial deposits	<u>17,317</u>	<u>18,747</u>	<u>21,676</u>	<u>23,040</u>
	<u>50,902</u>	<u>52,167</u>	<u>66,747</u>	<u>68,097</u>

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

(i) Non-reimbursable legal disputes

	Parent company				Total
	Tax	Civil	Labor	Environmental	
March 31, 2019	18,922	682	14,194	1,654	35,452
Provisioned in the period (a)	1,728	160	1,729	-	3,617
Write-offs/reversals (a)	(798)	(177)	(2,494)	-	(3,469)
Payments	-	(29)	(745)	(48)	(822)
Inflation adjustment (b)	633	54	415	-	1,102
June 30, 2019	20,485	690	13,099	1,606	35,880
	Consolidated				Total
	Tax	Civil	Labor	Environmental	
March 31, 2019	22,477	46,296	20,211	46,384	135,368
Provisioned in the period (a)	1,978	1,119	2,910	-	6,007
Write-offs/reversals (a)	(1,025)	(260)	(3,200)	(325)	(4,810)
Payments	(209)	(62)	(1,383)	(1,646)	(3,300)
Inflation adjustment (b)	676	158	540	-	1,374
Effect of foreign currency translation	(23)	(752)	(70)	(683)	(1,528)
June 30, 2019	23,874	46,499	19,008	43,730	133,111

(a) Recognized in income (loss) for the period under "Sales taxes and General and administrative expenses" captions, except for reversals of inflation adjustment, recognized in financial income (loss).

(b) Recognized in the income (loss) for the period as financial income.

(ii) Reimbursable legal disputes (1)

	Parent company				Total
	Tax	Civil	Labor	Environmental	
March 31, 2019	727,012	117,736	15,512	40,587	900,847
Provisioned in the period	7	289	807	-	1,103
Write-offs/reversals	(897)	(8,870)	(1,376)	-	(11,143)
Payments	-	(1,931)	(841)	(6,584)	(9,356)
Monetary restatement	4,086	2,692	322	-	7,100
June 30, 2019	730,208	109,916	14,424	34,003	888,551

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Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

					Consolidated
	Tax	Civil	Labor	Environmental	Total
March 31, 2019	730,000	119,388	15,749	40,631	905,768
Provisioned in the period	7	289	807	-	1,103
Write-offs/reversals	(897)	(8,870)	(1,376)	-	(11,143)
Payments	-	(1,931)	(841)	(6,584)	(9,356)
Monetary restatement	4,109	2,740	326	-	7,175
June 30, 2019	<u>733,219</u>	<u>111,616</u>	<u>14,665</u>	<u>34,047</u>	<u>893,547</u>

(1) The movement does not have and will never have effect on profit or loss, due to Company's right to reimbursement.

(iii) Total legal disputes

					Parent company
	Tax	Civil	Labor	Environmental	Total
March 31, 2019	745,935	118,418	29,706	42,241	936,300
Provisioned in the period	1,735	449	2,536	-	4,720
Write-offs/reversals	(1,695)	(9,047)	(3,870)	-	(14,612)
Payments	-	(1,960)	(1,586)	(6,632)	(10,178)
Monetary restatement	4,718	2,746	737	-	8,201
June 30, 2019	<u>750,693</u>	<u>110,606</u>	<u>27,523</u>	<u>35,609</u>	<u>924,431</u>

					Consolidated
	Tax	Civil	Labor	Environmental	Total
March 31, 2019	752,477	165,684	35,960	87,015	1,041,136
Provisioned in the period	1,985	1,408	3,717	-	7,110
Write-offs/reversals	(1,922)	(9,130)	(4,576)	(325)	(15,953)
Payments	(209)	(1,993)	(2,224)	(8,230)	(12,656)
Monetary restatement	4,785	2,898	866	-	8,549
Effect of foreign currency translation	(23)	(752)	(70)	(683)	(1,528)
June 30, 2019	<u>757,093</u>	<u>158,115</u>	<u>33,673</u>	<u>77,777</u>	<u>1,026,658</u>

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

(a) Tax

	Parent company		Consolidated	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Excise tax ("IPI")	83,833	83,397	83,833	83,396
Income tax and Social Contribution taxes (IRPJ and CSLL)	76,708	77,040	76,708	77,040
Lawyers' fees	55,789	54,379	61,718	60,472
PIS and COFINS	57,504	57,239	57,504	57,239
ICMS	471,945	469,086	472,206	469,136
Other	4,914	4,794	5,124	5,194
	<u>750,693</u>	<u>745,935</u>	<u>757,093</u>	<u>752,477</u>
Non-reimbursable legal disputes	20,485	18,923	23,874	22,477
Reimbursable legal disputes	730,208	727,012	733,219	730,000
	<u>750,693</u>	<u>745,935</u>	<u>757,093</u>	<u>752,477</u>

(b) Civil, labor and environmental

Main lawsuits are related to: (a) reparation of environmental damages caused by fuel leakages and, (b) discussions about contracts, real estate and recovery of credits, and the last two topics include contract breaches, possession of the Company's properties and recovery of amount not paid by clients.

The Company and its subsidiaries are also parties to various labor lawsuits by former employees and employees of service providers who question, among others, payment of overtime, extra for night and dangerous work, rehiring to job position, return of amounts discounted on payroll such as confederation union dues, union dues, and others.

The main environmental actions are related to environmental remediation to be carried out at gas stations, distribution hubs, airports and client distribution centers and they include the removal of contaminated material, treatment of the land, laboratory tests and post-remediation monitoring.

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Notes from management to interim financial information as of June 30, 2019

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These legal disputes were considered as probable loss and, thus, no provision for lawsuits demands has been recognized in the interim financial information:

(a) Tax

	Parent company		Consolidated	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019
ICMS	2,262,314	2,143,710	2,394,566	2,271,305
Income tax and Social Contribution taxes (IRPJ and CSLL)	1,699,663	1,706,745	1,773,546	1,780,215
PIS and COFINS	1,733,761	2,023,160	1,746,291	2,046,214
Other	486,895	559,167	502,037	562,827
	<u>6,182,633</u>	<u>6,432,782</u>	<u>6,416,440</u>	<u>6,660,561</u>
Non-reimbursable legal disputes	1,160,832	1,047,137	1,258,716	1,140,549
Reimbursable legal disputes	5,021,801	5,385,645	5,157,724	5,520,012
	<u>6,182,633</u>	<u>6,432,782</u>	<u>6,416,440</u>	<u>6,660,561</u>

(b) Civil, labor and environmental

	Parent company		Consolidated	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Civil	508,917	510,454	532,835	535,490
Labor	105,473	87,264	106,332	108,805
Environmental	3,483	4,547	24,695	25,525
	<u>617,873</u>	<u>602,265</u>	<u>663,862</u>	<u>669,820</u>
Non-reimbursable legal disputes	98,800	76,450	125,940	125,668
Reimbursable legal disputes	519,073	525,815	537,922	544,152
	<u>617,873</u>	<u>602,265</u>	<u>663,862</u>	<u>669,820</u>

19. Commitments (Consolidated)

As mentioned in note 17 to the annual financial statements of March 31, 2019 the Company had entered into commitments to sell diesel and purchase of fuels and oil by-products, as well as storage and transportation service agreements. During the three-month period ended June 30, 2019 no significant changes related to these commitments.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

20. Equity

(a) Capital and capital reserves

As of June 30 and March 31, 2019, the Company's capital, fully subscribed and paid is R\$ 1,921,843, and is represented as follows:

	Shareholders (shares in units)		
	Shell	Cosan Investimentos e Participações S.A. ("CIP") (1)	Total
Common	830,709,236	830,709,236	1,661,418,472
Class-A preferred shares	1	-	1
Class-D preferred shares	100,000	-	100,000
Class-E preferred shares	163,329,417	-	163,329,417
Total as of June 30 and March 31, 2019	994,138,654	830,709,236	1,824,847,890

(1) In June 2014, Cosan S.A. contributed with all common shares issued by RCSA to CIP.

(b) Movement in dividends and interest on own capital

Company	Dividend	Year	Approval	Nature and type of share	Impact in equity	No impact in equity	Amount paid or payable	Payment date
RCSA	Income reserve	2019	06/26/2019	Common	321,192	-	321,192	06/27/2018
RCSA	Interest on own capital	2019	03/31/2019	Common	-	16,000	13,600	06/27/2019
							16,000	334,792
Dividends and interest on own capital paid in the period (1)								
RCSA	Interest on own capital	2020	06/30/2019	Common	40,000	-	34,000	
RCSA	Exclusive	2019	-	Preferred D	-	-	1,498	
Mime	Minimum	2019	-	Common	-	-	3,554	
Sabbá	Minimum	2019	-	Common	-	-	8,889	
							47,941	
Consolidated dividends and interest on own capital as of June 30, 2019								
Impacts of dividends and interest on own capital in consolidated equity					<u>361,192</u>			

(1) Includes income tax withheld at source paid in the amount of R\$ 7,050 whose obligation is classified under the caption Taxes Payable related to interest on own capital declared in meetings held on March 26 and 30, 2019.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

(c) Equity valuation adjustments

	<u>03/31/2019</u>	<u>Comprehensive income</u>	<u>06/30/2019</u>
Actuarial loss from defined benefit plan, net	(13)	-	(13)
Loss from financial instruments designated as hedge accounting	(664)	(7,545)	(8,209)
Result of <i>hedge</i> of net investment in foreign entity	(35,795)	2,045	(33,750)
Effect of foreign currency translation	(99,843)	(52,124)	(151,967)
	<u>(136,315)</u>	<u>(57,624)</u>	<u>(193,939)</u>
Attributable to:			
Controlling shareholders	(136,311)	(57,624)	(193,935)
Non-controlling shareholders	(4)	-	(4)
	<u>03/31/2018</u>	<u>Comprehensive income</u>	<u>06/30/2018</u>
Actuarial loss from defined benefit plan, net	(13)	-	(13)
Income from financial instruments designated as hedge accounting	3,569	22,675	26,244
	<u>3,556</u>	<u>22,675</u>	<u>26,231</u>
Attributable to:			
Controlling shareholders	3,560	22,675	26,235
Non-controlling shareholders	(4)	-	(4)

(d) Earnings per share

Basic and diluted earnings per share is calculated by dividing profit attributable to company shareholders by the weighted average number of common shares issued during the period.

The table below presents income and shares data used to calculate basic and diluted income per share for the three-month period ended June 30, 2019 and 2018 (in thousands, except for amounts per share):

Basic and diluted

	<u>Apr–Jun/19</u>	<u>Apr–Jun/18</u>
Numerator		
Net income for the period attributed to controlling shareholders	276,684	250,341
Denominator		
Weighted average of common shares (in thousands)	<u>1,661,418</u>	<u>1,661,418</u>
Basic and diluted income per common share (reais per share)	<u>0.17</u>	<u>0.15</u>

The Company does not have outstanding common shares that could cause dilution or debt convertible in common shares. Thus, the basic and diluted income per share are equivalent.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

21. Net operating revenue

The breakdown of the Company's gross income is as follows:

	Parent company		Consolidated	
	Apr-Jun/19	Apr-Jun/18	Apr-Jun/19	Apr-Jun/18
Domestic market	19,429,002	17,517,433	22,735,934	19,949,205
Foreign market	370,981	555,893	4,732,644	555,893
Gross revenue from sale of products and services	19,799,983	18,073,326	27,468,578	20,505,098
Returns and cancellations	(90,205)	(117,865)	(159,943)	(124,568)
Sales taxes	(651,053)	(517,650)	(1,973,255)	(538,322)
Commercial discounts and rebates	(63,096)	(82,577)	(72,845)	(92,710)
Amortization of exclusive supply rights (Note 9)	(98,666)	(87,245)	(118,327)	(101,055)
Other	(17,752)	(14,650)	(17,166)	(21,752)
Net operating revenue	18,879,211	17,253,339	25,127,042	19,626,691

Detailing of net operating revenue per product is as follows:

	Parent company		Consolidated	
	Apr-Jun/19	Apr-Jun/18	Apr-Jun/19	Apr-Jun/18
Diesel	8,527,780	7,663,732	11,226,279	8,934,361
Gasoline	6,818,386	6,711,929	9,294,854	7,780,716
Ethanol	2,080,357	1,524,914	2,131,052	1,557,908
Jet	1,335,071	1,227,301	1,622,968	1,227,247
Other	117,617	125,463	851,889	126,459
	18,879,211	17,253,339	25,127,042	19,626,691

22. Costs and expenses per type

Reconciliation of costs and expenses by nature

Costs and expenses are shown in the income (loss) by function. The reconciliation of income (loss) by nature for the three-month periods ended June 30, 2019 and 2018 is detailed as follows:

	Parent company		Consolidated	
	Apr-Jun/19	Apr-Jun/18	Apr-Jun/19	Apr-Jun/18
Fuels for resales and collection and transfer costs	(18,225,901)	(16,620,902)	(23,902,654)	(18,820,555)
Personnel expenses	(113,390)	(109,883)	(168,181)	(121,896)
Depreciation and amortization	(51,480)	(42,071)	(186,440)	(45,533)
Freight	(82,879)	(80,355)	(131,374)	(92,158)
Commercial expenses	(43,164)	(55,824)	(91,071)	(58,762)
Outsourced labor	(24,633)	(27,617)	(50,705)	(31,309)
Logistics expenses	(39,003)	(34,609)	(84,482)	(74,381)
Other	(45,989)	(37,003)	(102,530)	(45,723)
	(18,626,439)	(17,008,264)	(24,717,437)	(19,290,317)

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Classified as:

	Parent company		Consolidated	
	Apr-Jun/19	Apr-Jun/18	Apr-Jun/19	Apr-Jun/18
Cost of products sold and services rendered	(18,225,901)	(16,620,902)	(24,012,890)	(18,820,555)
Selling expenses	(294,721)	(284,529)	(551,988)	(354,762)
General and administrative expenses	(105,817)	(102,833)	(152,559)	(115,000)
	<u>(18,626,439)</u>	<u>(17,008,264)</u>	<u>(24,717,437)</u>	<u>(19,290,317)</u>

23. Other operating revenues, net

	Parent company		Consolidated	
	Apr-Jun/19	Apr-Jun/18	Apr-Jun/19	Apr-Jun/18
Net recognition of extemporaneous tax credits (1)	43,840	29,076	45,114	36,921
Income (loss) from the sale of property, plant and equipment	42,097	(2,595)	44,281	33,027
Revenues from rental and leases	19,772	23,989	33,663	24,628
Revenue from royalties	1,984	2,255	24,560	15,364
Commissions on sales of lubricants, cards and payment means	4,087	8,766	4,984	7,847
Merchandising	-	-	18,587	13,339
Recognition of estimated loss on fixed assets, net (Note 12)	(338)	(2,079)	(338)	(1,992)
Other revenues (expenses), net	4,699	8,991	5,241	(3,933)
	<u>116,141</u>	<u>68,403</u>	<u>176,092</u>	<u>125,201</u>

(1) Refers mainly to the recovery of tax credits arising from the Company's activities, recognized in statement of income for the period ended June 30, 2019 and 2019.

24. Financial results

	Parent company		Consolidated	
	Apr-Jun/19	Apr-Jun/18	Apr-Jun/19	Apr-Jun/18
<u>Financial expenses</u>				
Interest	(127,845)	(64,708)	(143,898)	(71,333)
PIS and COFINS on financial revenues	(3,223)	(4,034)	(4,274)	(4,441)
Monetary variation - liabilities	(2,530)	(2,974)	(2,530)	(2,974)
Other	(7,706)	(33,904)	(9,700)	(34,548)
	<u>(141,304)</u>	<u>(105,620)</u>	<u>(160,402)</u>	<u>(113,296)</u>
Fair value of financial instruments (Notes 8.a.2. and 15)	(149,683)	70,985	(149,683)	70,985
Amounts capitalized on qualifying assets (Note 15)	100	633	100	633
	<u>(290,887)</u>	<u>(34,002)</u>	<u>(309,985)</u>	<u>(41,678)</u>
<u>Financial income</u>				
Interest	39,260	30,056	60,737	42,243
Yields from financial investments	23,404	6,268	36,157	7,531
Monetary variation - assets and others	87	11	170	57
	<u>62,751</u>	<u>36,335</u>	<u>97,064</u>	<u>49,831</u>
<u>Foreign exchange variation, net</u>	<u>111,550</u>	<u>(648,890)</u>	<u>148,751</u>	<u>(767,074)</u>
<u>Net effect of the derivatives</u>	<u>(21,123)</u>	<u>568,905</u>	<u>(90,035)</u>	<u>639,927</u>
	<u>(137,709)</u>	<u>(77,652)</u>	<u>(154,205)</u>	<u>(118,994)</u>

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25. Financial instruments

(a) Overview

The Company presents exposure to the following risks deriving from its operations, which are equalized and managed with the use of certain financial instruments:

- Interest rate risk
- Price risk
- Foreign exchange rate risk
- Credit risk
- Liquidity risk

This note presents information on the Company's exposure to each one of the abovementioned risks, the Company's goals, policies and processes for the risk measurement and management, and the Company's capital management.

(b) Risk management structure

The Company has specific treasury and trading policies that set risk management guidelines. In order to monitor activities and ensure compliance with policies, the Group has the following main committees: (i) A risk committee whose members gather weekly to analyze the behavior of commodity and foreign exchange markets and decide on coverage positions and the strategy to fix the prices of imports and exports to reduce the negative effects of changes in prices and foreign exchange rate; and, (ii) an ethanol committee whose members gather monthly to assess the risks posed by the sale of ethanol and by-products to comply with the limits set on risk policies.

The Company and its subsidiaries are exposed to market risks, and main ones are: (i) fluctuations in ethanol and oil by-product prices; (ii) fluctuations in exchange rates; and, (iii) fluctuations in interest rates. The purchases of financial instruments for hedging purposes are made according to an analysis of the risk exposure that Management intends to cover.

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As of June 30 and March 31, 2019, the fair values of transactions with derivative financial instruments for hedging purposes were measured determined according to observable data, such as prices quoted in active markets or discounted cash flows according to market curves and are presented below:

	Parent company				Consolidated			
	Notional		Fair value		Notional		Fair value	
	06/30/2019	03/31/2019	06/30/2019	03/31/2019	06/30/2019	03/31/2019	06/30/2019	03/31/2019
Price risk								
Commodity derivatives								
Futures contracts	773,144	987,292	(21,712)	(48,075)	773,144	987,292	(21,712)	(48,075)
	773,144	987,292	(21,712)	(48,075)	773,144	987,292	(21,712)	(48,075)
Foreign exchange rate risk								
Foreign exchange rate derivative								
Futures contracts	109,218	116,901	(45)	44	109,208	116,901	(45)	44
Exchange term	(5,446,668)	(3,376,880)	(56,943)	69,938	(7,820,371)	(5,183,196)	(125,834)	124,659
FX lock	-	194,835	-	304	-	194,835	-	304
FX swap	(6,176,270)	(5,396,930)	618,194	609,672	(6,176,270)	(5,396,930)	618,194	609,672
	(11,513,720)	(8,462,074)	561,206	679,958	(13,887,433)	(10,268,390)	492,315	734,679
Interest rate risk								
Interest rate swap	(204,024)	(204,024)	31,978	19,938	(204,024)	(204,024)	31,978	19,938
	(204,024)	(204,024)	31,978	19,938	(204,024)	(204,024)	31,978	19,938
Total			571,472	651,821			502,581	706,542
Current assets			139,316	94,736			145,920	156,118
Non-current assets			587,775	639,048			587,775	639,048
Total assets			727,091	733,784			733,695	795,166
Current liabilities			(114,904)	(72,525)			(190,399)	(79,186)
Non-current liabilities			(40,715)	(9,438)			(40,715)	(9,438)
Total liabilities			(155,619)	(81,963)			(231,114)	(88,624)
Total			571,472	651,821			502,581	706,542

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(c) Price risk (Consolidated)

It results from the possibility of market oscillation of the market price of products marketed and produced by the Company and its subsidiaries, specially diesel (heating oil), gasoline and ethanol. These price fluctuations may cause substantial alterations in the sales revenues and costs. To mitigate these risks, the Company permanently monitors markets, seeking to anticipate price changes. The table below shows the positions of derivative financial instruments to cover the risk of fluctuations in commodity prices, outstanding as of June 30, 2019:

Price risk: commodity derivatives, outstanding as of June 30, 2019								
<u>Derivatives</u>	<u>Purchased / Sold</u>	<u>Market</u>	<u>Contract</u>	<u>Maturity</u>	<u>Notional (units)</u>	<u>Notional (RS thousand)</u>	<u>Fair value (RS thousand)</u>	
Future	Sold	NYMEX	Heating oil	Jul/19	266,007 m ³	514,299	(7,930)	
Future	Sold	NYMEX	Gasoline	Jul/19–Mar/20	422,463 m ³	745,248	2,678	
Future	Sold	NYMEX	Heating oil	Jul/19	52,470 m ³	2,305	(1,567)	
Subtotal future sold					740,940 m ³	1,261,852	(6,819)	
Future	Purchased	NYMEX	Heating oil	Jul/19	(61,374)	(120,811)	(320)	
Future	Purchased	NYMEX	Gasoline	Jul/19–Mar/20	(206,859)	(365,336)	(15,524)	
Future	Purchased	NYMEX	Heating oil	Jul/19	(104,939)	(2,561)	951	
Subtotal future bought					(373,172) m ³	(488,708)	(14,893)	
Subtotal future					367,768 m ³	773,144	(21,712)	
Net exposure of commodity derivatives as of June 30, 2019						773,144	(21,712)	
Net exposure of commodity derivatives as of March 31, 2019						987,292	(48,075)	

(d) Foreign exchange rate risk (Consolidated)

Foreign exchange rate risks arise from the possibility of fluctuations in the exchange rates used by the Company for exports, imports, financing cash flows and other foreign currency assets and liabilities. The Company uses derivatives to manage cash flow risks resulting from these transactions denominated in US dollars, net of other cash flows also denominated in foreign currency. The table below shows the positions for derivatives used to cover foreign exchange rate risks:

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Foreign exchange rate risk: outstanding foreign exchange derivatives as of June 30, 2019							
Derivatives	Purchased / Sold	Market	Contract	Maturity	Notional (units)	Notional (R\$ thousand)	Fair value (R\$ thousand)
Future	Sold	B3	Trade dollar	Jul/19–Aug/20	54,750	209,813	36
Subtotal future sold					54,750	209,813	36
Future	Purchased	B3	Trade dollar	Jun/19	(26,250)	(100,595)	(81)
Subtotal future bought					(26,250)	(100,595)	(81)
Subtotal future					28,500	109,218	(45)
Term	Sold	OTC/Cetip	Non Deliverable Forward - NDF	Apr/19	137,900	528,460	10,956
Subtotal term sold					137,900	528,460	10,956
Term	Purchased	OTC/Cetip	NDF	Apr/19–May/19	(2,178,600)	(8,348,831)	(136,790)
Subtotal term bought					(2,178,600)	(8,348,831)	(136,790)
Subtotal forward					(2,040,700)	(7,820,371)	(125,834)
FX swap	Purchased	OTC	FX swap	Apr/20–Jan/27	(1,535,000)	(6,176,270)	618,194
Subtotal exchange swap bought					(1,535,000)	(6,176,270)	618,194
Net exposure of foreign exchange derivatives as of June 30, 2019					(3,547,200)	(13,887,423)	492,315
Net exposure of foreign exchange derivatives as of March 31, 2019					(2,605,150)	(10,268,390)	734,679

As of June 30, 2019, the consolidated summary of the quantitative data on Company's net exposure, considering the foreign exchange rate of all currencies to US\$, is presented below:

	06/30/2019	
	R\$	US\$ (in thousands)
Cash and cash equivalents (Note 3)	401,609	104,799
Restricted cash (Note 4)	67,323	17,568
Trade accounts receivable abroad (Note 5)	449,010	117,168
Related parties (note 8.a)	(6,066,599)	(1,583,059)
Suppliers (Note 14)	(1,495,017)	(390,120)
Loans and financing (Note 15)	(5,390,982)	(1,406,759)
Lease liability (Note 16)	(381,988)	(99,678)
Derivative financial instruments (Note 25.d) (1)		3,547,200
Net foreign exchange exposure		307.119
Derivatives settled in the month following the closing (2)		(98,870)
Net foreign exchange exposure, adjusted as of June 30, 2019 (3)		208.249
Net foreign exchange exposure as of March 31, 2019		(141,656)

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- (1) Refers to the notional foreign exchange derivative transactions.
- (2) Maturities on July 2019, whose settlement was given by PTAX on the last closing day of the month.
- (3) The net foreign exchange exposure, this will be substantially offset by probable future income from of export products and/or import costs of products.

(e) Hedge accounting effect

The Company formally designates its transactions subject to hedge accounting aiming at hedging cash flow, Hedges are designated against foreign exchange exposure, mainly related to debt and also related to ethanol, as applicable, documenting: (i) the hedging relationship, (ii) the Company's risk management purpose and strategy when entering into the hedging instrument, (iii) the identification of the financial instrument, (iv) the covered object or transaction, (v) the nature of the risk to be covered, (vi) the description of the hedging relationship and (vii) correlation between hedging and coverage object,

As of June 30, 2019, the impacts calculated under the Company's equity and the estimated realization in profit or loss are shown below:

Derivatives	Market	Risk	Period for realization		
			2019/2020	06/30/2019	03/31/2019
Future	NYMEX	Heating oil	151	151	-
Term	OTC / ICE	FX	(12,583)	(12,583)	(1,004)
			(12,432)	(12,432)	(1,004)
(-) Deferred taxes			4,227	4,227	340
Effect in equity			(8,205)	(8,205)	(664)

We show below the movement in the consolidated balances of other comprehensive income during the period:

Cash flow hedge

	06/30/2019
Balance at the beginning of the period	(664)
Movement occurred in the period:	
Fair value on commodity futures designated as hedge accounting	5,898
Fair value loss on forward exchange contracts designated as hedge accounting	(4,132)
Loss from commodities/foreign exchange reclassified to cost of products sold and services rendered	(13,194)
Total movements occurred during the period (before deferred taxes)	(11,428)
Effect of deferred taxes on equity valuation adjustments (Note 17.d)	3,887
	(7,541)
Balance at end of the period	(8,205)

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Fair value hedge

RCSA assigns to the fair value, the imported inventory of oil by-products with linked derivatives (forward sold) at fair value. The primary goal of risk management is to recognize inventory at a floating price, as it will be the case of RCSA's sales revenue upon selling products to its customers. Hedge accounting aims to minimize any kind of mismatching in income (loss) for the period, causing both the derivatives and the inventory to be recorded at fair value, with the change being recognized under. Cost of products sold and services rendered caption, whose negative impact in three-month period ended June 30, 2019 is R\$ 3,131 (R\$ 20,717 negative impact in June 30, 2019).

(f) Interest rate risk (Consolidated)

The Company monitors fluctuations in interest rates applied to certain debts, particularly those exposed to the Libor risk, and uses, when required, derivative instruments to manage those risks. The table below shows the positions for derivatives used to cover interest rate risks:

Interest rate risk: Interest derivatives, outstanding as of June 30, 2019							
<u>Derivatives</u>	<u>Purchased / Sold</u>	<u>Market</u>	<u>Contract</u>	<u>Maturity</u>	<u>Notional (units)</u>	<u>Notional (R\$ thousand)</u>	<u>Fair value (R\$ thousand)</u>
Interest rate swap	Purchased	OTC	<i>Interest rate swap</i>	Dec/24	(53,239)	(204,024)	31,978
Total interest rate swap					(53,239)	(204,024)	31,978
Net exposure of interest derivatives as of June 30, 2019						(204,024)	31,978
Net exposure of interest derivatives as of March 31, 2019						(204,024)	19,938

(g) Credit risk (Consolidated)

A substantial part of the sales of the Company and its subsidiaries is made to a select group of highly qualified counterparties, such as distribution companies, fuel distribution companies and major supermarket chains.

The Group manages credit risk by following specific client acceptance standards, analyzing client credit standing and setting exposure limits per client, requiring, when applicable, letters of credit of top tier banks and taking security interest in assets as security for payment of the credit facilities granted to clients. Management considers that the credit risk is substantially covered by the estimated loss in allowance for doubtful accounts.

Individual risk limits are determined with basis on internal or external classifications in accordance with limits determined by Company's management. The use of credit limits is regularly monitored. No credit limit was exceeded during the period, and Management does not expect any loss from default by these counterparties in amounts higher than those already provided for.

The Company enters into commodity derivative agreements in futures markets at the stock exchange NYMEX, as well as in over-the-counter markets with selected counterparties. The Company enters into foreign exchange rate and commodity derivative agreements at B3 and over-the-counter agreements, mainly with the leading local and foreign banks considered by global credit risk rating agencies to have investment level ratings.

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Guarantee margins - Derivative transactions in commodity exchanges (NYMEX and B3) require guarantee margins. The total margin of the Parent Company and Consolidated deposited on June 30, 2019 is R\$ 91,251 (R\$ 123,469 on June 30, 2018) where R\$ 23,928 (R\$ 24,130 on March 31, 2019) in restricted cash investments and R\$67,323 (R\$ 99,339 on March 31, 2019) in derivative transaction margins.

The Company's over-the-counter derivative transactions do not require a guarantee margin.

The credit risk on cash and cash equivalents is mitigated by the conservative distribution of investment funds and CDBs, which make up this caption. The distribution follows strict criteria for allocation and exposure to counterparties that are major national and international banks, mainly considered investment grade by international rating agencies.

(h) **Liquidity risk (Consolidated)**

Liquidity risk is the risk of the Company may encounter difficulties in performing the obligations associated with its financial liabilities that are settled with payments or with another financial asset. The Company's approach in liquidity management is to guarantee, as much as possible, that it always has sufficient liquidity to perform its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with a risk of sullyng the Company's reputation.

As part of the liquidity management process, management prepares business plans and monitors their implementation, discussing positive and negative cash flow risks and assessing the availability of funds to support its operations, investments and refinancing needs.

The table below shows the main financial liabilities according to their aging schedules:

					06/30/2019	03/31/2019
	Up to 1 year	Up to 2 years	3-5 years	>5 years	Total	Total
Loans and financing (1)	318,587	1,038,854	3,761,894	2,151,059	7,270,394	6,061,359
Suppliers (Note 14)	4,072,930	-	-	-	4,072,930	3,836,192
Lease liabilities (Note 16)	229,455	173,093	169,790	83,371	655,709	-
Derivative financial instruments (Note 25.b)	190,399	16,148	-	24,567	231,114	88,624
Related parties (1)	5,134,197	-	817,541	2,216,097	8,167,835	8,426,920
	<u>9,945,568</u>	<u>1,228,095</u>	<u>4,749,225</u>	<u>4,475,094</u>	<u>20,397,982</u>	<u>18,413,095</u>

(1) Undiscounted contractual cash flows.

(i) **Fair value**

Procedures over the measurement and recognition of the fair value of financial assets and liabilities are the same disclosed in the interim financial information of March 31, 2019 (Note 22.i).

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Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments using the valuation technique:

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

<u>Financial instruments valued at fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Interest earnings bank deposits (Note 3)	-	1,329,760	1,329,760
Derivative financial assets (Note 25.b)	27,811	705,884	733,695
Loans and financing (Note 15)	-	(4,766,014)	(4,766,014)
Derivative financial liabilities (Note 25.b)	(49,569)	(181,545)	(231,114)
Related parties (note 8.a.3)	-	(3,121,910)	(3,121,910)
Total at June 30, 2019	<u>(21,758)</u>	<u>(6,033,825)</u>	<u>(6,055,583)</u>
Total as of March 31, 2019	<u>(48,031)</u>	<u>(6,592,536)</u>	<u>(6,640,567)</u>

(j) Liquidity risk (Consolidated)

We present below the sensitivity analysis of the fair value of financial instruments according to the types of risk considered relevant by the Company.

Assumptions for the sensitivity analysis

The Company has adopted three scenarios for the sensitivity analysis, one probable and two that may show the sundry effects in the fair value of the Company's financial instruments. The probable scenario was set according to the futures market curves of diesel and gas in US dollar as of June 30, 2019, and the amounts presented correspond to the fair value of derivatives on those dates. Possible and remote adverse scenarios were set considering impacts of 25% and 50% on US dollar price curves, commodities and interest rate, which were calculated as a basis for the probable scenario.

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Sensitivity table

(1) Change in fair value of derivative financial instruments

	Risk factor	Impacts on income (loss)				
		Probable scenario	Possible scenario +25%	Balance of fair value	Remote scenario +50%	Balance of the fair value
<u>Price risk</u>						
Commodity derivatives						
Futures contracts:						
Purchase and sale commitments	Increase in diesel and gasoline prices	(21,712)	(203,203)	(224,915)	(406,406)	(428,118)
		(21,712)	(203,203)	(224,915)	(406,406)	(428,118)
<u>Foreign exchange rate risk</u>						
Foreign exchange rate derivatives						
Futures contracts:						
Purchase and sale commitments	FX decrease R\$/US\$	(45)	27,416	27,371	54,832	54,787
Fixed-term and Lock Contracts:						
Purchase and sale commitments	FX decrease R\$/US\$	(102,839)	(1,014,532)	(1,117,371)	(2,029,065)	(2,131,904)
Purchase and sale commitments	FX decrease AR\$/US\$	(22,995)	(52,571)	(75,566)	(106,880)	(129,875)
FX swaps:						
Purchase and sale commitments	FX decrease R\$/US\$	618,194	(1,595,239)	(977,045)	(3,190,478)	(2,572,284)
		492,315	(2,634,926)	(2,142,611)	(5,271,591)	(4,779,276)
<u>Interest rate risk</u>						
Interest rate swap:						
Purchase and sale commitments	Decrease in interest rate	31,978	(18,094)	13,884	(36,188)	(4,210)
		31,978	(18,094)	13,884	(36,188)	(4,210)
Total		502,581	(2,856,223)	(2,353,642)	(5,714,185)	(5,211,604)

(*) Result projected to occur within 12 months from June 30, 2019.

(2) Net foreign exchange exposure

The probable scenario considers the position as of June 30, 2019. The effects of the possible and remote scenarios that would be recognized in the consolidated statement of income as income or expenses on change are as follows:

Net foreign exchange exposure as of June 30, 2019	Effect of exchange-rate changes				
	Possible scenario +25%	Remote scenario +50%	Possible scenario -25%	Remote scenario 50%	
Cash and cash equivalents (Note 3)	401,609	100,402	200,805	(100,402)	(200,805)
Restricted cash (Note 4)	67,323	16,831	33,662	(16,831)	(33,662)
Accounts receivable from abroad (Note 5)	449,010	112,253	224,505	(112,253)	(224,505)
Related parties (Note 8.a)	(6,066,599)	(1,516,650)	(3,033,300)	1,516,650	3,033,300
Suppliers (Note 14)	(1,495,017)	(373,754)	(747,509)	373,754	747,509
Loans and financing (Note 15)	(5,390,982)	(1,347,746)	(2,695,491)	1,347,746	2,695,491
Lease liabilities (Note 16)	(381,988)	(95,497)	(190,994)	95,497	190,994
Impact on income (loss) in the period	(3,104,161)	(6,208,322)	3,104,161	6,208,322	

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(3) Interest rate sensibility

As of June 30, 2019, the probable scenario considers the annual weighted average rate of floating interests of loans and financing of 4,11% and for financial investments and as restricted cash and basically, CDI accumulated in the last 12 months of 6,31%. In both cases, simulations were run considering the increase and reduction by 25% and 50%. The consolidated results of this sensitivity are as follows:

	June 30, 2019				
	Interest rate sensibility				
	Probable scenario	Possible scenario +25%	Possible scenario +50%	Remote scenario -25%	Remote scenario -50%
Interest earnings bank deposits	83,699	20,925	41,850	(20,925)	(41,850)
Restricted financial investments (Restricted cash)	2,628	657	1,314	(657)	(1,314)
Loans and financing	(220,170)	(55,043)	(110,085)	55,043	110,085
Impact on income (loss) in the period	<u>(133,843)</u>	<u>(33,461)</u>	<u>(66,921)</u>	<u>33,461</u>	<u>66,921</u>

(k) Capital management

The Company's goal, when managing its capital structure, is to ensure that it will continue as a going concern and be able to finance investment opportunities, by keeping a healthy credit profile and offering an appropriate return to its shareholders.

Raízen Group, the group which the Company is, has relationships with large local and international rating agencies as shown below:

<u>Branch</u>	<u>Scale</u>	<u>Rating</u>	<u>Outlook</u>	<u>Date</u>
Fitch	National	AAA (bra)	Stable	05/30/2019
	Global	BBB	Stable	05/30/2019
Moody's	National	Aaa,Br	Stable	04/30/2019
	Global	Ba1	Stable	04/30/2019
Standard & Poor's	National	brAAA	Stable	04/29/2019
	Global	BBB-	Stable	04/29/2019

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The financial leverage ratios on June 30 and March 31, 2019 were calculated as follows:

	<u>06/30/2019</u>	<u>03/31/2019</u>
Third party capital		
Loans and financing (Note 15)	6,136,412	5,091,112
(-) Cash and cash equivalents (Note 3)	(1,835,625)	(2,818,591)
(-) Financial investments linked to financing (note 4)	(17,516)	(17,281)
(-) Foreign exchange and interest rate derivatives (swaps) (Note 25.b)	(650,172)	(629,610)
	<u>3,633,099</u>	<u>1,625,630</u>
Own capital		
Equity		
Attributable to the parent company's shareholders	2,674,021	2,823,487
Interest of non-controlling shareholders	255,222	240,865
	<u>2,929,243</u>	<u>3,064,352</u>
Total own capital and third parties	<u>6,562,342</u>	<u>4,689,982</u>
Leverage ratio	55,4%	34,7%

26. Retirement supplementation plan

(a) Pension fund

Defined contribution

The Company sponsors the Raiz Pension Plan, administered by Raízprev – Private Pension Plan, which is a closed non-profit complementary Pension Plan Entity.

The Entity equipped with administrative, financial and equity autonomy, having as object the administration and implementation of benefit plans of security nature, as defined in the Regulations of Benefit Plans.

The Company has legal or constructive obligations for further additional contributions if the plan has sufficient assets to pay all benefits or possible occurrence of a deficit.

During the period ended June 30, 2019, the contribution recognized as expenses amounted to R\$ 1,536 (R\$ 1,495 in as of June 30, 2018).

Pension and health plan of Raízen Argentina

Raízen Argentina granted pension plans to non-union employees with defined and non-financed benefit. This plan is active, but it is closed to new participants since the end of 2014, currently covering 32 employees. The health coverage of retired employees is an inherited and frozen benefit, whose cost is equally apportioned between the company and the former employees.

(b) Profit sharing

The Company recognizes a liability and a profit-sharing expense based on a methodology that considers pre-defined targets to employees. The Company recognizes a provision when it is contractually compelled or when there is a past practice that created non-formalized obligation.

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27. Cash flow supplementary information

(a) Reconciliation of equity movement with cash flows from financing activities (FCF)

(Assets) / Liabilities	Parent company						Total
	Financial investments linked to financing (Note 4.2)	Other receivables (current and non-current)	Lease liability	Loans and financing	Related parties (1)	Dividends and interest on own capital payable	
Balance at March 31, 2019	(17,281)	(44,623)	-	4,698,498	3,329,808	15,098	7,981,500
Transactions with impact in FCF							
Funding of loans and financing, net	-	-	-	592,328	-	-	592,328
Amortization of principal	-	-	-	(1,115)	-	-	(1,115)
Interest paid	-	-	-	(57,340)	(11,506)	-	(68,846)
Amortizations of lease liabilities	-	-	(5,637)	-	(2,711)	-	(8,348)
Payment of dividends and interest on own capital, including remuneration of preferred shares	-	-	-	-	-	(341,842)	(341,842)
Management of financial funds and other	-	-	-	-	(1,163,661)	-	(1,163,661)
	-	-	(5,637)	533,873	(1,177,878)	(341,842)	(991,484)
Other movements that do not affect the FCF							
Net interest, inflation adjustments, and exchange-rate changes	(235)	-	2,313	(25,735)	(10,561)	-	(34,218)
Change financial instruments fair value (Notes 7, 13 and 21)	-	-	-	68,342	81,298	-	149,640
Dividends and interest on own capital (Note 20.b)	-	-	-	-	-	361,192	361,192
First-time adoption - IFRS 16 (CPC 06 (R2))	-	-	121,943	-	112,412	-	234,355
Addition, write-off, remeasurement of lease liabilities	-	-	(3,594)	-	-	-	(3,594)
Other	-	1,695	-	(1,867)	36	1,050	914
	(235)	1,695	120,662	40,740	183,185	362,242	708,289
Balance at June 30, 2019	(17,516)	(42,928)	115,025	5,273,111	2,335,115	35,498	7,698,305

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(Assets) / Liabilities	Consolidated						
	Financial investments linked to financing (Note 4,2)	Other receivables (current and non-current)	Lease liability	Loans and financing	Related parties (1)	Dividends and interest on own capital payable	Total
Balance at March 31, 2019	(17,281)	(164,710)	-	5,091,112	3,265,089	27,541	8,201,751
Transactions with impact in FCF							
Funding of loans and financing, net	-	-	-	1,283,128	-	-	1,283,128
Amortization of principal	-	-	-	(195,432)	-	-	(195,432)
Interest paid	-	-	-	(62,831)	(11,506)	-	(74,337)
Amortizations of lease liabilities	-	-	(46,802)	-	-	-	(46,802)
Payment of dividends and interest on own capital, including remuneration of preferred shares	-	-	-	-	-	(341,842)	(341,842)
Management of financial funds and other	-	-	-	-	(1,548,743)	-	(1,548,743)
	-	-	(46,802)	1,024,865	(1,560,249)	(341,842)	(924,028)
Other movements that do not affect the FCF:							
Net interest, inflation adjustments, and exchange-rate changes	(235)	-	11,248	(40,406)	(18,856)	-	(48,249)
Change financial instruments fair value (Notes 7, 13 and 21)	-	-	-	68,342	81,298	-	149,640
Dividends and interest on own capital (Note 17.b)	-	-	-	-	-	361,192	361,192
Effect of foreign currency translation	-	3,610	-	(5,632)	-	-	(2,022)
First-time adoption - IFRS 16 (CPC 06 (R2))	-	-	523,323	-	-	-	523,323
Addition, write-off, remeasurement of lease liabilities	-	-	18,582	-	-	-	18,582
Other	-	(520)	(7,143)	(1,869)	1,387	1,050	(7,095)
	(235)	3,090	546,010	20,435	63,829	362,242	995,371
Balance at June 30, 2019	(17,516)	(161,620)	499,208	6,136,412	1,768,669	47,941	8,273,094

(1) Composed of balances of managed resources, debentures, financial transactions, preference shares and lease liability. See Note 8.a.

RAÍZEN COMBUSTÍVEIS S.A.

Notes from management to interim financial information as of June 30, 2019

In thousands of reais - R\$, unless otherwise indicated

(b) Investment transactions not involving cash

	Parent company		Consolidated	
	Apr– Jun/19	Apr–Jun/18	Apr– Jun/19	Apr–Jun/18
Interest capitalized in fixed assets (Notes 12 and 24)	(100)	(633)	(100)	(633)
Taxes on fixed assets, including adjustment to present value and other	2,314	2,518	2,564	1,796
	<u>2,214</u>	<u>1,885</u>	<u>2,464</u>	<u>1,163</u>

28. Subsequent events

Joint venture between RCSA and Femsa Comercio, S.A. de C.V. companies pertaining to its economic group (together, “Femsa Comercia”)

On August 6th, 2019, RCSA and its subsidiary Raízen Conveniências entered into a Share Purchase and Investment Agreement with Femsa Comércio, which establish the terms and conditions for the acquisition of interest in Raízen Conveniências by Femsa Comércio, as well as the formation of a joint venture in Brazil (“Transaction”).

Femsa Comércio operates in the proximity segment under OXXO brand, with more than 18,000 stores in Mexico, Chile, Colombia and Peru, one health division which includes drugstores and related activities and the fuel segment, operating OXXO Gas, a gas station brand.

Upon the closing of the Transaction, Femsa Comércio will hold 50% of the capital stock of Raízen Conveniências, through the subscription of new shares and also the direct purchase of existing shares of the company's capital stock currently held by Raízen Combustíveis. For the Transaction, an Enterprise Value of R\$1,122 million was considered, based on the acquisition of interest in a company free of any debt or cash.

Following the implementation of the Transaction, Raízen Combustíveis and Femsa Comercio will be shareholders of Raízen Conveniências in the proportion of 50/50 of the share capital. The joint venture will have its own professional and corporate governance structure.

The purpose of this Transaction is the expansion of the convenience franchise store business in service stations under the “Shell Select” brand and the development of the proximity store business outside service stations under the “OXXO” brand, whose partnership represents an important step towards expanding the convenience and proximity market in Brazil, ensuring even more efficiency in Raízen Group's investments and in its operations, as well as offering a better value proposition to our franchisees

The closing of the Transaction will be subject to approval by the Administrative Council for Economic Defense (CADE) and the implementation of certain usual precedent conditions.

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