

# Raízen Energia S.A.

## **Interim financial as of information September 30, 2018**

*(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), 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 the 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, as filed with the Brazilian Securities Commission (CVM), 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 the International Accounting Standards Board - IASB)*

To the Directors and Shareholders of  
**Raízen Energia S.A.**  
São Paulo – SP

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Raízen Energia S.A. (the “Company”) contained in the Quarterly Information Form - ITR for the quarter ended September 30, 2018, which comprises the statement of financial position as of September 30, 2018 and the respective statements of income (loss) and comprehensive income (loss) for the three and six-month periods then ended and changes in equity and cash flows for the six-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, as issued by the International Accounting Standards Board – IASB, as well as for the presentation of this information in accordance with standards issued by the Brazilian Securities and Commission, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with the Brazilian and International standards on review 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 on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, as issued by the IASB, applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

### **Other matters - Statements of Value Added**

The individual and consolidated interim financial information, related to statements of value added for the six-month period ended September 30, 2018, prepared under the responsibility of the Company's management, presented as supplementary information for the purposes of IAS 34, were submitted to the review procedures followed together with the review of the Quarterly Information – ITR of the Company. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, consistent with the individual and consolidated interim financial information taken as a whole.

São Paulo, November 8, 2018.

KPMG Auditores Independentes  
CRC SP014428/O-6  
*Original report in Portuguese signed by*  
Ulysses M. Duarte Magalhães  
Accountant CRC RJ-092095/O-8

# RAÍZEN ENERGIA S.A.

## Statements of financial position as of September 30 and March 31, 2018 (In thousands of reais – R\$)

	Note	Parent company		Consolidated	
		09/30/2018	03/31/2018	09/30/2018	03/31/2018
Assets					
Current assets					
Cash and cash equivalents	3	659,452	106,390	2,461,750	3,321,777
Restricted cash	4	199,168	25,748	296,382	91,109
Derivative financial instruments	24	399,189	169,317	1,729,642	243,538
Trade accounts receivable	5	277,994	215,994	1,314,209	602,365
Inventories	6	2,110,400	423,944	3,547,558	752,562
Biological assets	7	548,044	775,289	684,565	947,815
Recoverable income and social contribution taxes	15.a.i	523,710	554,599	563,151	584,435
Recoverable taxes		177,240	106,095	404,549	206,889
Other financial assets	8	522,688	408,379	540,883	408,379
Related parties	9	1,444,688	579,199	1,666,686	750,419
Dividends receivable	10.d.ii	527,636	93,641	-	-
Other receivables		341,306	246,803	395,854	308,231
Total current assets		7,731,515	3,705,398	13,605,229	8,217,519
Non-current assets					
Derivative financial instruments	24	524,155	213,614	680,776	242,541
Other financial assets	8	408,276	484,971	485,305	502,433
Recoverable income and social contribution taxes	15.a.i	275,512	275,513	300,930	300,930
Recoverable taxes		52,412	47,406	79,945	55,634
Related parties	9	333,470	312,079	3,536,361	3,019,804
Deferred income and social contribution taxes	15.b	567,925	145,350	502,161	82,766
Judicial deposits	16	234,728	216,313	370,271	349,586
Other receivables		161,309	140,383	190,920	169,457
Investments	10	5,188,249	5,427,452	357,158	346,461
Property, plant and equipment	11	5,270,632	5,676,639	8,834,033	9,432,324
Intangible assets	12	1,472,433	1,464,739	1,838,209	1,810,841
Total non-current assets		14,489,101	14,404,459	17,176,069	16,312,777
Total assets		22,220,616	18,109,857	30,781,298	24,530,296

See the accompanying notes to the interim financial information.

# RAÍZEN ENERGIA S.A.

## Statements of financial position as of September 30 and March 31, 2018 (In thousands of reais – R\$)

(Continued)

	Note	Parent company		Consolidated	
		09/30/2018	03/31/2018	09/30/2018	03/31/2018
<b>Liabilities</b>					
Current liabilities					
Loans and financing	14	2,132,367	1,223,870	2,343,028	1,504,014
Derivative financial instruments	24	440,757	111,414	1,755,353	181,648
Suppliers	13	1,211,873	677,303	3,440,519	2,001,873
Payroll and related charges payable		337,793	367,128	398,265	429,569
Income and social contribution taxes payable	15.a.2	-	-	20,806	90,115
Taxes payable		69,637	82,619	231,225	174,118
Dividends payable		-	17,082	-	17,082
Related parties	9	2,319,780	652,945	1,066,814	491,234
Advances from clients	5	75,085	16,133	761,028	36,741
Other liabilities		105,541	87,405	128,794	147,665
Total current liabilities		6,692,833	3,235,899	10,145,832	5,074,059
Non-current liabilities					
Loans and financing	14	5,141,142	3,858,030	11,200,584	9,275,582
Derivative financial instruments	24	294,207	31,598	420,885	59,703
Taxes payable		167,896	162,134	178,019	173,226
Related parties	9	1,860,874	1,548,801	403,737	379,894
Provision for lawsuits	16	307,238	264,378	399,504	340,506
Deferred income and social contribution taxes	15.b	-	-	235,538	217,762
Other liabilities		163,284	183,880	163,013	185,397
Total non-current liabilities		7,934,641	6,048,821	13,001,280	10,632,070
Total liabilities		14,627,474	9,284,720	23,147,112	15,706,129
Equity					
Capital	18	6,505,526	6,505,526	6,505,526	6,505,526
Capital reserves		1,089,121	1,089,121	1,089,121	1,089,121
Equity valuation adjustments		(396,581)	(3,386)	(396,581)	(3,386)
Income reserves		513,312	1,233,876	513,312	1,233,876
Accumulated loss		(118,236)	-	(118,236)	-
		7,593,142	8,825,137	7,593,142	8,825,137
Interest of non-controlling shareholders		-	-	41,044	(970)
Total equity		7,593,142	8,825,137	7,634,186	8,824,167
Total liabilities and equity		22,220,616	18,109,857	30,781,298	24,530,296

See the accompanying notes to the interim financial information.

# RAÍZEN ENERGIA S.A.

## Statements of income (loss) Three and six-month periods ended September 30 (In thousands of reais - R\$, except income per share)

		<b>Parent company</b>			
	<b>Note</b>	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
Net operating revenue	19	1,757,529	3,039,584	2,140,486	3,442,411
Costs of products sold and services provided	21	<u>(1,638,199)</u>	<u>(2,804,571)</u>	<u>(1,604,603)</u>	<u>(3,040,119)</u>
Gross income		<u>119,330</u>	<u>235,013</u>	<u>535,883</u>	<u>402,292</u>
Operating revenue (expenses)					
Selling	21	(197,612)	(346,601)	(223,468)	(358,205)
General and administrative	21	(125,920)	(236,593)	(126,365)	(227,013)
Other operating (expenses) income, net	22	(2,882)	(14,625)	7,263	3,134
Equity accounting result	10	135,465	314,999	226,702	381,678
		<u>(190,949)</u>	<u>(282,820)</u>	<u>(115,868)</u>	<u>(200,406)</u>
(Loss) income before financial results and income and social contribution taxes		<u>(71,619)</u>	<u>(47,807)</u>	<u>420,015</u>	<u>201,886</u>
Financial results					
Financial expenses	23	(241,574)	(422,844)	(190,488)	(353,706)
Financial income	23	78,015	155,414	84,302	184,896
Exchange variation, net	23	(34,570)	(140,447)	27,987	11,604
Net effect of the derivatives	23	67,144	151,303	124,143	42,200
		<u>(130,985)</u>	<u>(256,574)</u>	<u>45,944</u>	<u>(115,006)</u>
(Loss) income before income and social contribution taxes		<u>(202,604)</u>	<u>(304,381)</u>	<u>465,959</u>	<u>86,880</u>
Income tax and social contribution	15.a				
Current		-	-	756	(15,442)
Deferred		123,243	229,144	(75,885)	123,176
		<u>123,243</u>	<u>229,144</u>	<u>(75,129)</u>	<u>107,734</u>
Net (loss) income for the period		<u><u>(79,361)</u></u>	<u><u>(75,237)</u></u>	<u><u>390,830</u></u>	<u><u>194,614</u></u>

See the accompanying notes to the interim financial information.

# RAÍZEN ENERGIA S.A.

## Statements of income (loss) Three and six-month periods ended September 30 (In thousands of reais - R\$, except income per share)

	Note	Jul-Sep/2018	Apr-Sep/2018	Jul-Sep/2017	Consolidated Apr-Sep/2017
Net operating revenue	19	5,452,055	9,543,611	3,839,927	6,945,841
Costs of products sold and services provided	21	(5,074,152)	(8,843,057)	(2,953,751)	(5,976,721)
Gross income		377,903	700,554	886,176	969,120
Operating revenue (expenses)					
Selling	21	(255,646)	(440,598)	(274,894)	(461,309)
General and administrative	21	(163,590)	(310,399)	(160,422)	(297,087)
Other operating (expenses) income, net	22	(2,570)	58,032	11,963	18,820
Equity accounting result	10	(7,365)	(8,767)	(386)	(10,882)
		(429,171)	(701,732)	(423,739)	(750,458)
(Loss) income before financial results and income and social contribution taxes		(51,268)	(1,178)	462,437	218,662
Financial results					
Financial expenses	23	(296,019)	(540,889)	(232,046)	(461,340)
Financial income	23	143,662	314,954	166,088	372,333
Exchange variation, net	23	(44,947)	(186,413)	23,241	9,450
Net effect of the derivatives	23	84,689	186,099	120,253	61,026
		(112,615)	(226,249)	77,536	(18,531)
(Loss) income before income and social contribution taxes		(163,883)	(227,427)	539,973	200,131
Income tax and social contribution	15.a				
Current		(29,240)	(45,882)	(45,182)	(85,778)
Deferred		121,633	205,927	(103,961)	80,261
		92,393	160,045	(149,143)	(5,517)
Net (loss) income for the period		(71,490)	(67,382)	390,830	194,614
Attributable to:					
Company's controlling shareholders		(79,361)	(75,237)	390,830	194,614
Company's non-controlling shareholders		7,871	7,855	-	-
		(71,490)	(67,382)	390,830	194,614
Net (loss) earnings per common share:					
Basic and diluted	18.e	(0.011)	(0.011)	0.053	0.026

See the accompanying notes to the interim financial information.



## RAÍZEN ENERGIA S.A.

### Statements of comprehensive income (loss) Three and six-month periods ended September 30 (In thousands of reais – R\$)

	Parent company			
	Jul-Sep/2018	Apr-Sep/2018	Jul-Sep/2017	Apr-Sep/2017
Net (loss) income for the period	(79,361)	(75,237)	390,830	194,614
<b>Comprehensive (loss) income</b>				
<b>Items that are or may be reclassified to statements of income or loss</b>				
Net result from financial instruments designated as				
Hedge accounting (Note 24.e)	(56,413)	(568,888)	(202,662)	252,667
Effect of foreign currency translation - CTA	(12,782)	(17,729)	609	(440)
Deferred taxes on adjustments (Note 15.b)	19,174	193,422	68,905	(85,906)
	<u>(50,021)</u>	<u>(393,195)</u>	<u>(133,148)</u>	<u>166,321</u>
Other components of the comprehensive (loss) income for the period	<u>(50,021)</u>	<u>(393,195)</u>	<u>(133,148)</u>	<u>166,321</u>
Total comprehensive (loss) income for the period	<u><u>(129,382)</u></u>	<u><u>(468,432)</u></u>	<u><u>257,682</u></u>	<u><u>360,935</u></u>

See the accompanying notes to the interim financial information.

## RAÍZEN ENERGIA S.A.

### Statements of comprehensive income (loss) Three and six-month periods ended September 30 (In thousands of reais – R\$)

	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Consolidated Apr-Sep/2017</u>
Net (loss) income for the period	(71,490)	(67,382)	390,830	194,614
<b>Comprehensive (loss) income</b>				
<b>Items that are or may be reclassified to statements of income or loss</b>				
Net result from financial instruments designated as				
Hedge accounting (Note 24.e)	(56,411)	(568,888)	(202,662)	252,667
Effect of foreign currency translation - CTA	(12,782)	(17,729)	609	(440)
Deferred taxes on adjustments (Note 15.b)	19,174	193,422	68,905	(85,906)
	<u>(50,019)</u>	<u>(393,195)</u>	<u>(133,148)</u>	<u>166,321</u>
Other components of the comprehensive (loss) income for the period	<u>(50,019)</u>	<u>(393,195)</u>	<u>(133,148)</u>	<u>166,321</u>
Total comprehensive (loss) income for the period	<u>(121,509)</u>	<u>(460,577)</u>	<u>257,682</u>	<u>360,935</u>
Attributable to:				
Company's controlling shareholders	(129,382)	(468,432)	257,682	360,935
Company's non-controlling shareholders	7,873	7,855	-	-
Total comprehensive (loss) income for the period	<u>(121,509)</u>	<u>(460,577)</u>	<u>257,682</u>	<u>360,935</u>

See the accompanying notes to the interim financial information.

# RAÍZEN ENERGIA S.A.

## Statements of changes in equity Six-month periods ended September 30 (In thousands of reais – R\$)

	Attributable to the parent company's shareholders										
	Capital reserves				Income reserves				Interest of non-controlling shareholders	Total equity	
	Capital	Capital reserve	Goodwill special reserve	Equity valuation adjustments	Tax incentive reserve	Legal	Profit retention	Retained earnings			Total
Balances at March 31, 2018	6,505,526	846,010	243,111	(3,386)	310,190	203,122	720,564	-	8,825,137	(970)	8,824,167
First-time adoption of IFRS 9 (Note 2.3.d)	-	-	-	-	-	-	-	(163)	(163)	-	(163)
Balances at April 1, 2018	6,505,526	846,010	243,111	(3,386)	310,190	203,122	720,564	(163)	8,824,974	(970)	8,824,004
Comprehensive (loss) income for the period											
Loss for the period	-	-	-	-	-	-	-	(75,237)	(75,237)	7,855	(67,382)
Equity valuation adjustments - Hedge accounting (Note 24.e)	-	-	-	(375,466)	-	-	-	-	(375,466)	-	(375,466)
Effect of foreign currency translation - CTA	-	-	-	(17,729)	-	-	-	-	(17,729)	-	(17,729)
	-	-	-	(393,195)	-	-	-	(75,237)	(468,432)	7,855	(460,577)
Distributions to Company's shareholders											
Business combination (Note 27.ii)	-	-	-	-	-	-	-	-	-	30,000	30,000
Capital increase (Note 10.d.i)	-	-	-	-	-	-	-	-	-	4,159	4,159
Payment of dividends (Note 18.b)	-	-	-	-	-	-	(720,564)	(42,836)	(763,400)	-	(763,400)
	-	-	-	-	-	-	(720,564)	(42,836)	(763,400)	34,159	(729,241)
Balance at September 30, 2018	6,505,526	846,010	243,111	(396,581)	310,190	203,122	-	(118,236)	7,593,142	41,044	7,634,186

See the accompanying notes to the interim financial information.

# RAÍZEN ENERGIA S.A.

## Statements of changes in equity Six-month periods ended September 30 (In thousands of reais – R\$)

	Attributable to the parent company's shareholders										
	Capital reserves				Income reserves				Interest of non-controlling shareholders	Total equity	
	Capital	Capital reserve	Goodwill special reserve	Equity valuation adjustments	Tax incentive reserve	Legal	Profit retention	Retained earnings			Total
Balances at March 31, 2017	6,456,346	846,010	243,111	(43,474)	235,457	170,982	1,476,723	-	9,385,155	(963)	9,384,192
Comprehensive income for the period											
Net income for the period	-	-	-	-	-	-	-	194,614	194,614	-	194,614
Equity valuation adjustments - Hedge accounting	-	-	-	166,761	-	-	-	-	166,761	-	166,761
Effect of foreign currency translation - CTA	-	-	-	(440)	-	-	-	-	(440)	-	(440)
	-	-	-	166,321	-	-	-	194,614	360,935	-	360,935
Contributions made by (distributions to) Company shareholders											
Reversal of Class B dividends	(2,061)	-	-	-	-	-	2,061	-	-	-	-
Allocation of dividends from preferred shares - Class D	-	-	-	-	-	-	(597)	-	(597)	-	(597)
Payment of dividends	-	-	-	-	-	-	(722,000)	-	(722,000)	-	(722,000)
Minimum mandatory dividends	-	-	-	-	-	-	12,485	-	12,485	-	12,485
	(2,061)	-	-	-	-	-	(708,051)	-	(710,112)	-	(710,112)
Balance at September 30, 2017	6,454,285	846,010	243,111	122,847	235,457	170,982	768,672	194,614	9,035,978	(963)	9,035,015

See the accompanying notes to the interim financial information.

# RAÍZEN ENERGIA S.A.

## Statements of cash flows - indirect method Six-month periods ended September 30 (In thousands of reais – R\$)

	Parent company		Consolidated	
	Apr-Sep/2018	Apr-Sep/2017	Apr-Sep/2018	Apr-Sep/2017
Cash flow from operating activities				
(Loss) income before income and social contribution taxes	(304,381)	86,880	(227,427)	200,131
Adjustments:				
Depreciation and amortization (Note 21.a)	745,064	777,760	972,418	1,031,761
Net loss arising from change in fair value and realization of fair value gain or loss of biological assets (Note 21.a)	187,260	357,104	219,025	407,182
Equity accounting result of subsidiaries and associated companies (Note 10)	(314,999)	(381,678)	8,767	10,882
Interest, monetary and exchange-variations, net	350,742	244,694	300,514	263,167
Fair value of liability financial instruments	33,534	25,310	22,879	25,310
Net formation of provision for legal disputes and contingencies	34,830	31,834	50,902	41,684
Unrealized net gain on derivative transactions	(49,043)	(304,383)	(99,433)	(299,164)
Credits from indemnity suits (Note 22)	-	-	(75,406)	-
Provision (reversal) for losses in fixed and intangible assets, net	1,828	(7,698)	1,923	(8,667)
Recognition of extemporaneous tax credits, net (Note 22)	2,316	(20,244)	(972)	(31,534)
Reversal of estimated loss from obsolescence of inventories	(1,857)	(45,590)	(1,958)	(47,426)
Other	4,215	6,810	(9,439)	(6,882)
Changes in assets and liabilities				
Trade accounts receivable and advances from clients	28,675	(191,957)	222,906	(409,281)
Inventories	(1,176,388)	(740,381)	(2,171,780)	(1,432,531)
Restricted cash	(169,721)	195,053	(200,374)	202,063
Derivative financial instruments	(441,472)	468,681	(432,305)	474,114
Other financial assets	66,904	-	66,806	-
Judicial deposits	(10,963)	(11,290)	(11,612)	(13,961)
Suppliers and advances to suppliers	428,635	424,759	1,133,463	630,659
Recoverable and payable taxes	(40,676)	(88,209)	(103,563)	(116,604)
Related parties	395,547	14,430	(126,740)	(17,966)
Payroll and related charges payable	(29,334)	8,100	(31,355)	16,344
Provision for lawsuits	(12,683)	(7,745)	(15,735)	(11,992)
Other assets and liabilities, net	(36,739)	2,853	(82,811)	(7,105)
Payment of income and social contribution taxes on net income	-	-	(123,807)	(15,812)
Net cash (used in) generated by operating activities	(308,706)	845,093	(715,114)	884,372
Cash flow from investment activities				
Acquisitions of companies, net of acquired cash	(13,536)	(779,500)	(13,536)	(779,500)
Cash obtained from business combination	-	-	19,286	-
Additions to investment (Note 10.d.i)	(22,569)	(78,952)	(16,021)	(78,952)
Additions to property, plant and equipment and intangible assets	(476,447)	(381,154)	(564,078)	(458,768)
Dividends received from subsidiaries	197,467	-	-	-
Cash received upon disposal of fixed assets	7,276	8,061	4,992	11,640
Additions to biological assets	(320,641)	(250,590)	(362,984)	(288,020)
Cash received in the sale of investment, net	-	-	3,662	-
Interest of PPEs obtained - intragroup	-	-	58,845	43,548
Net cash used in investment activities	(628,450)	(1,482,135)	(869,834)	(1,550,052)
Cash flow from financing activities				
Funding of loans and financing - Third-parties	2,286,593	964,358	2,287,595	1,121,600
Amortizations of principal of loans and financing - third-parties	(225,969)	(365,572)	(491,749)	(699,821)
Payment of interest on loans and financing - third-parties	(155,925)	(156,125)	(253,744)	(289,912)
Redemption of financial investments linked to financing (restricted cash)	(771)	-	(325)	399
Payment of dividends (Note 18.b)	(780,482)	(753,218)	(780,482)	(753,218)
Amortizations of interest of PPEs obtained - intragroup	(34,137)	(23,546)	-	-
Net asset management - intragroup	390,308	558,460	(187,127)	90,288
Net cash generated by (used in) financing activities	1,479,617	224,357	574,168	(530,664)
Net increase (decrease) in cash and cash equivalents	542,461	(412,685)	(1,010,780)	(1,196,344)
Cash and cash equivalents at the beginning of the period	106,390	555,852	3,321,777	3,437,612
Effect of exchange variation on cash and cash equivalents	10,601	(2,004)	150,753	(3,074)
Cash and cash equivalents at the end of the period	659,452	141,163	2,461,750	2,238,194

Supplementary information to the cash flow is shown in Note 28.

See the accompanying notes to the interim financial information.

# RAÍZEN ENERGIA S.A.

## Statements of added value Six-month periods ended September 30 (In thousands of reais – R\$)

	Parent company		Consolidated	
	Apr–Sep/2018	Apr–Sep/2017	Apr–Sep/2018	Apr–Sep/2017
Income				
Gross sales of products and services	3,277,074	3,595,205	10,178,412	7,372,990
Returns of sales, discounts and rebates	(5,057)	(14,463)	(14,881)	(12,735)
Net formation of estimated loss from allowance for doubtful accounts	(514)	(581)	(554)	(1,355)
Other operating income (expenses), net	(14,625)	3,134	59,955	18,820
	<u>3,256,878</u>	<u>3,583,295</u>	<u>10,222,932</u>	<u>7,377,720</u>
Inputs acquired from third parties				
Costs of products sold and services provided	(1,444,887)	(1,511,536)	(7,139,175)	(4,062,226)
Materials, energy, outsourced services and other	(417,347)	(438,039)	(508,019)	(542,125)
Loss arising from change in the fair value and realization of the capital gain or loss of biological assets	(187,260)	(357,104)	(219,025)	(407,182)
Net formation of estimated loss in investments, fixed and intangible assets, net	(1,828)	-	(1,923)	-
Net reversal of estimated loss from obsolescence of inventories	1,857	45,590	1,958	47,426
	<u>(2,049,465)</u>	<u>(2,261,089)</u>	<u>(7,866,184)</u>	<u>(4,964,107)</u>
Gross added value	1,207,413	1,322,206	2,356,748	2,413,613
Depreciation and amortization	(745,064)	(777,760)	(972,418)	(1,031,761)
Net added value produced	<u>462,349</u>	<u>544,446</u>	<u>1,384,330</u>	<u>1,381,852</u>
Added value received as transfers				
Equity accounting result	314,999	381,678	(8,767)	(10,882)
Financial income	155,414	184,896	314,954	372,333
Gain from exchange-rate changes	-	27,985	-	23,240
Gain on derivative operations	151,303	124,140	186,099	120,254
	<u>621,716</u>	<u>718,699</u>	<u>492,286</u>	<u>504,945</u>
Added value to distribute	<u>1,084,065</u>	<u>1,263,145</u>	<u>1,876,616</u>	<u>1,886,797</u>
Distribution of added value				
Personnel				
Direct remuneration	282,439	309,320	415,105	431,754
Benefits	72,108	72,258	85,605	87,312
FGTS	30,028	33,476	35,337	39,045
	<u>384,575</u>	<u>415,054</u>	<u>536,047</u>	<u>558,111</u>
Taxes, duties and contributions				
Federal	111,399	74,145	411,023	291,216
Deferred Federal taxes	(229,144)	(123,176)	(205,927)	(80,261)
State	119,735	78,777	260,958	208,129
Municipal	5,163	4,046	6,423	4,896
	<u>7,153</u>	<u>33,792</u>	<u>472,477</u>	<u>423,980</u>
Third-party capital remuneration				
Financial expenses	422,844	353,706	540,889	461,340
Loss from exchange-rate changes	140,447	16,381	186,413	13,790
Loss on derivative operations	-	81,940	-	59,228
Rental and leases	161,447	167,658	173,191	175,734
	<u>724,738</u>	<u>619,685</u>	<u>900,493</u>	<u>710,092</u>
Remuneration of own capital				
Dividends	42,836	-	42,836	-
(Losses) retained earnings	(75,237)	194,614	(67,382)	194,614
Non-controlling interest in retained loss	-	-	(7,855)	-
	<u>(32,401)</u>	<u>194,614</u>	<u>(32,401)</u>	<u>194,614</u>
Distributed added value	<u>1,084,065</u>	<u>1,263,145</u>	<u>1,876,616</u>	<u>1,886,797</u>

See the accompanying notes to the interim financial information.

# **RAÍZEN ENERGIA S.A.**

## **Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)**

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### **1. Operations**

Raízen Energia S.A. (“Company”, “Group”, “Raízen Energia” or “RESA”) is a publicly-held company enrolled in the Brazilian Securities Commission (“CVM”) in Category B, headquartered at Brigadeiro Faria Lima Avenue, number 4.100, 11° floor, Parte V, Itaim Bibi, São Paulo - SP. The Company was established on June 1, 2011 and is indirectly and jointly controlled by Royal Dutch Shell (“Shell”) and Cosan Limited (“Cosan”).

The term Raízen, when mentioned, corresponds to the establishment of a joint venture between Shell and Cosan, in the ethanol, sugar and energy segment.

The Company and its subsidiaries are mainly engaged in producing and trading sugar and ethanol, including abroad through its subsidiaries Raízen Trading LLP and Raízen International Universal Corporation, as well as co-generating energy produced from sugarcane bagasse at its 26 mills located in Brazil's Center-Southern Region and trading business of electricity.

Sugarcane farming requires a period ranging from 12 to 18 months for maturing and harvesting generally starts between the months of April and May, and usually ends between November and December, period in which sugar and ethanol are also produced. Production is sold during the whole year and does not fluctuate over the seasons, but is affected by normal market supply and demand. Because of its production cycle, the Company’s fiscal year starts on April 1 and ends on March 31.

### **2. Presentation of interim financial information and significant accounting policies**

#### **2.1. Preparation basis**

The interim financial information was prepared in accordance with Technical Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities Commission, applicable to the preparation of the Quarterly Financial Information - ITR.

This quarterly financial information was prepared following preparation basis and accounting policies consistent with those adopted for preparation of the financial statements as of March 31, 2018 and should be read with such statements. The information in the notes that had not significantly changed or was irrelevant, when compared to March 31, 2018 were not fully repeated in this quarterly financial information. However, selected 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, 2018, as well as changes in accounting policies due to the adoption of new standards and interpretations adopted in the six-month period ended September 30, 2018, as described in Note 2.3.

In the preparation of this interim financial information, the Management used judgments, estimates and assumptions that affect the Group’s application of accounting policies 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 financial statements at March 31,

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

2018, except for the review of biological assets' assumption, specially generated by the low productivity in sugarcane plantation estimated to 2018/2019 crop due to the drought in the South-East region in Brazil.

Company's Management affirms that all relevant information characteristic of quarterly financial information, and only them, are being evidenced and correspond to those used by Management.

The presentation of the Statement of Added Value is required by Brazilian Corporate Law and the accounting practices adopted in Brazil applicable to publicly-held companies. However, IFRS does not require the presentation of such statement, which is considered supplementary information, without prejudice to the set of quarterly financial information.

The issue of interim financial information was authorized by Management on November 8, 2018.

## 2.2. Basis of consolidation

The consolidated financial information includes quarterly information of RESA and its direct and indirect subsidiaries which are listed below:

	09/30/2018		03/31/2018	
	Direct	Indirect	Direct	Indirect
Agrícola Ponte Alta Ltda. ("Agrícola Ponte Alta")	91.21%	8.79%	91.21%	8.79%
Benálcool Açúcar e Álcool Ltda. ("Benálcool")	100.00%	-	100.00%	-
Bioenergia Araraquara Ltda. ("Bio Araraquara")	-	100.00%	-	100.00%
Bioenergia Barra Ltda. ("Bio Barra")	99.99%	0.01%	99.99%	0.01%
Bioenergia Caarapó Ltda. ("Bio Caarapó")	-	100.00%	-	100.00%
Bioenergia Costa Pinto Ltda. ("Bio Costa Pinto")	-	100.00%	-	100.00%
Bioenergia Gasa Ltda. ("Bio Gasa")	-	100.00%	-	100.00%
Bioenergia Jataí Ltda. ("Bio Jataí")	-	100.00%	-	100.00%
Bioenergia Maracáí Ltda. ("Bio Maracáí")	-	100.00%	-	100.00%
Bioenergia Rafard Ltda. ("Bio Rafard")	-	100.00%	-	100.00%
Bioenergia Serra Ltda. ("Bio Serra")	-	100.00%	-	100.00%
Bioenergia Tarumã Ltda. ("Bio Tarumã")	-	100.00%	-	100.00%
Bioenergia Univalem Ltda. ("Bio Univalem")	-	100.00%	-	100.00%
Raízen Centroeste Açúcar e Álcool Ltda. ("Raízen Centroeste")	47.37%	52.63%	47.37%	52.63%
Raízen Araraquara Açúcar e Álcool Ltda. ("Raízen Araraquara")	99.99%	0.01%	99.99%	0.01%
Raízen Ásia PT Ltd. ("Raízen Ásia")	-	100.00%	-	100.00%
Raízen Biotecnologia S.A. ("Biotecnologia")	100.00%	-	100.00%	-
Raízen Caarapó Açúcar e Álcool Ltda. ("Raízen Caarapó")	31.48%	68.52%	31.48%	68.52%
Raízen Energy Finance Ltd. ("Raízen Energy Finance")	100.00%	-	100.00%	-
Raízen Fuels Finance S.A. ("Raízen Fuels")	100.00%	-	100.00%	-
Raízen International Universal Corp. ("RIUC")	100.00%	-	100.00%	-
Raízen North América, Inc. ("Raízen North América")	-	100.00%	-	100.00%
Raízen Paraguaçu Ltda. ("Raízen Paraguaçu")	100.00%	-	100.00%	-
Raízen Trading LLP ("Raízen Trading")	100.00%	-	100.00%	-
São Joaquim Arrendamentos Agrícolas Ltda. ("São Joaquim")	-	100.00%	-	100.00%
Unimodal Ltda. ("Unimodal")	53.17%	20.24%	53.17%	20.24%
Raízen-Geo Biogás S.A. ("Biogás")	85.00%	-	85.00%	-
Raízen Biogás SPE Ltda. ("Raízen Biogás SPE")	99.90%	0.10%	99.90%	0.10%
RWXE Participações S.A. ("RWXE") (i)	-	70.00%	-	-
WX Energy Comercializadora de Energia Ltda. ("WX Energy") (i)	-	70.00%	-	-

(i) On July 5, 2018, RESA, through its subsidiary Bio Barra, signed a shareholders agreement with the company WX Energy Participações Ltda. As a result of this transaction, now holds 70% of RWXE. As a result of this operation, the Company indirectly holds a 70% stake in the company WX Energy, which in turn is wholly owned by RWXE. The preliminary disclosure of the business combination is described in note 27.



## **RAÍZEN ENERGIA S.A.**

### **Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)**

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#### **2.3. Changes in significant 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, 2018.

Changes in accounting policies also shall be reflected in Company's individual and consolidated financial statements for the year ended March 31, 2019.

On April 1, 2018 the Company adopted the following main standards, amendments to the standards and interpretations of the IFRS issued by the IASB: (a) IFRS 9 - Financial Instruments (CPC 48), (b) IFRS 15 - Revenue from Contracts with Customers (CPC 47) and (c) Interpretation IFRIC 22 - Foreign Currency Transactions and Advance Consideration (ICPC 21).

##### **(a) IFRS 9 (CPC 48)**

IFRS 9 (CPC 48) sets out, among others, new requirements for: classification and measurement of financial assets, measurement and recognition of impairment losses on financial assets, hedge accounting and disclosure.

In accordance with the transitional provisions of IFRS 9 (CPC 48), the Company did not restate its prior period financial statements and, when applicable, the differences in the book values of financial assets and financial liabilities resulting from the adoption of IFRS 9 (CPC 48) on April 1, 2018, were recognized in retained earnings in equity. See item (d) below.

##### **(a.1) Impairment of financial assets**

The main impact of the adoption is associated with the replacement of the "incurred loss" model of IAS 39 - Financial Instruments: Recognition and Measurement (CPC 38 - Financial Instruments: Recognition and Measurement) with an "expected credit loss" model. Such impairment model applies to financial assets measured at amortized cost, contractual assets and debt instruments measured at fair value through other comprehensive income, but is not applicable to investments in equity instruments.

The expected loss matrix adopted by the Company, considers the grouping of clients with similar default characteristics, by sales channel and rating (client risk rating, measured internally).

On April 1, 2018, the impact of the adoption of the new standard was R\$ 28 and R\$ 221, Parent Company and Consolidated, respectively.

##### **(a.2) Classification and measurement of financial assets**

IFRS 9 (CPC 48) retains a large part of the existing requirements of IAS 39 (CPC 38) for the classification and measurement of financial liabilities. However, it eliminates the old categories of IAS 39 (CPC 38) for financial assets: (i) held-to-maturity, (ii) loans and receivables and (iii) available for sale.

The adoption of IFRS 9 (CPC 48) had no impact on accounting policies of the Group in connection with financial liabilities and derivative financial instruments. The impact of IFRS 9 (CPC 48) on classifications of financial assets did not generate any measurement impacts, as shown below based on the balances by class of financial assets on April 1, 2018, whose individual and consolidated balances are similar to that disclosed in the annual financial statements of March 31, 2018:

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

			Consolidated
<u>Financial assets</u>	<u>Original classification in accordance with IAS 39 (CPC 38)</u>	<u>New classification in accordance with IFRS 9 (CPC 48)</u>	
Cash and cash equivalents, except for investments	Loans and receivables	Amortized cost	969,570
Interest earnings bank deposits	Fair value through profit or loss	Fair value through profit or loss	2,352,207
Restricted cash, except for restricted financial investments	Loans and receivables	Amortized cost	15,418
Restricted financial investment	Fair value through profit or loss	Fair value through profit or loss	75,691
Trade accounts receivable	Loans and receivables	Amortized cost	602,365
Derivative financial instruments	Fair value through profit or loss or other comprehensive income (for those designated as hedge accounting)	Fair value through profit or loss or other comprehensive income (for those designated as hedge accounting)	486,079
Related parties	Loans and receivables	Amortized cost	3,770,223
Other financial assets	Loans and receivables	Amortized cost	910,812
			<u>9,182,365</u>

#### (a.3) Hedge accounting

The new hedge accounting requirements were applied prospectively. The cash flow hedge relationships of highly probable future exports or imports for the purposes of IAS 39 (CPC 38) were considered continuous hedge relationships for the purposes of IFRS 9 (CPC 48), since they also qualify for hedge accounting in accordance with the new pronouncement.

#### (b) IFRS 15 (CPC 47)

IFRS 15 (CPC 47) introduces a comprehensive framework for determining whether and when income is recognized. IFRS 15 (CPC 47) replaces current guidelines for recognition of income in IAS 18 - Revenue (CPC 30), IAS 11 - Construction Contracts (CPC 17) and IFRIC 13 - Client Loyalty Programs.

As disclosed in the annual financial statements of March 31, 2018, the Company did not identify any material impacts on the recognition of its income.

#### (c) IFRIC 22 (ICPC 21)

IFRIC 22 (ICPC 21) defines that the date of transaction for effects of determination of the exchange rate should be the date on which the entity first recognizes the non-monetary asset or liability derived from the early payment or receipt.

The Company opted for the prospective adoption of the aforementioned standard, whose analysis indicated immaterial impacts on the adoption.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

#### (d) Impact on interim financial information

The table below summarizes the impacts on the adoption of IFRS 9 (CPC 48)

- Statements of financial position at March 31, 2018:

	Disclosed at 03/31/2018	Adjustment due to first-time adoption of IFRS 9	Note	Parent company Balance at 04/01/2018
<b>Assets</b>				
Trade accounts receivable	215,994	(28)	5	215,966
Deferred income and social contribution taxes	145,350	9	15.b.3	145,359
Investments (reflex effect)	5,427,452	(144)	10	5,427,308
	<u>5,788,796</u>	<u>(163)</u>		<u>5,788,633</u>
<b>Equity</b>				
Retained earnings	-	(163)		(163)
	<u>-</u>	<u>(163)</u>		<u>(163)</u>
<b>Consolidated</b>				
	Disclosed at 03/31/2018	Adjustment due to the first-time adoption of IFRS 9	Note	Balance at 04/01/2018
<b>Assets</b>				
Trade accounts receivable	602,365	(221)	5	602,144
Deferred income and social contribution taxes	82,766	58	15.b.3	82,824
	<u>685,131</u>	<u>(163)</u>		<u>684,968</u>
<b>Equity</b>				
Retained earnings	-	(163)		(163)
	<u>-</u>	<u>(163)</u>		<u>(163)</u>

- Other information

On April 1, 2018, there were no impacts on the statements of income, comprehensive income, changes in equity, cash flows and added value as a result of the amendments made by the new IFRSs and IFRIC mentioned above.

#### 2.4. New IFRS and IFRIC Interpretations (IASB Financial Reporting Interpretations Committee) applicable to interim financial information

The following new standards and interpretations were issued by the IASB but are not yet effective for the period ended September 30, 2018. The early adoption of standards, although accepted by the IASB, is not allowed in Brazil by the Accounting Pronouncement Committee (CPC).

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

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 current standard, that is, lessors continue to classify leases as financial or operating leases.

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

IFRS 16 (CPC 06 (R2)) replaces the current 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 it is effective for fiscal periods starting on or after January 1, 2019 (in case of the Raízen Group, as of April 1, 2019). The early adoption in IFRSs is only allowed for entities that apply IFRS 15 (CPC 47) on or before the date of early adoption of IFRS 16 (CPC 06 (R2)).

The Group started initial evaluation of possible impact on this pronouncement. Up to now, the most significant impact identified is that the Group will recognize new assets and liabilities for operating leases of bases, land, machinery and vehicle. In addition, the nature of expenses related to these leases will be changed, since IFRS 16 (CPC 06 (R2)) replaces the linear operating lease expense for expenses of depreciation of the right of use and interest on lease liabilities.

The Group is validating whether to use the optional exemptions and the transition methodology.

Besides the aforementioned standards, there are no IFRS or IFRIC interpretations that are effective and as Management's current understanding, may result in relevant impacts to the Company.

### 3. Cash and cash equivalents

Index	Average yield rate		Parent company		Consolidated		
	09/30/2018	03/31/2018	09/30/2018	03/31/2018	09/30/2018	03/31/2018	
Funds in banks and in cash			123,028	42,240	1,262,446	906,245	
Values awaiting foreign exchange closure			61,065	63,106	61,086	63,325	
Interest earnings bank deposits							
Investment Funds	CDI	97.36%	99.11%	-	-	19,432	999,756
Bank deposit certificate (CDB) and commitments	CDI	99.93%	100.19%	475,359	437	1,118,786	1,351,844
Other investments	-	-	-	607	-	-	607
			<u>659,452</u>	<u>106,390</u>	<u>2,461,750</u>	<u>3,321,777</u>	
Domestic (domestic currency)			524,044	61,962	1,203,780	2,423,919	
Abroad (foreign currency) (Note 24.d)			135,408	44,428	1,257,970	897,858	
			<u>659,452</u>	<u>106,390</u>	<u>2,461,750</u>	<u>3,321,777</u>	

### 4. Restricted cash

Index	Average yield rate		Parent company		Consolidated		
	09/30/2018	03/31/2018	09/30/2018	03/31/2018	09/30/2018	03/31/2018	
Financial investments linked to financing	CDI	100.02%	100.02%	619	-	52,638	50,663
Investments related to derivative operations (Note 24.g)	CDI	101.24%	100.65%	40,133	25,028	40,133	25,028
Margin on derivative operations (Note 24.g)	-	-	-	158,416	720	203,611	15,418
			<u>199,168</u>	<u>25,748</u>	<u>296,382</u>	<u>91,109</u>	
Domestic (domestic currency)			40,752	25,028	92,771	75,691	
Abroad (foreign currency) (Note 24.d)			158,416	720	203,611	15,418	
			<u>199,168</u>	<u>25,748</u>	<u>296,382</u>	<u>91,109</u>	

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

#### 5. Trade accounts receivable

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
Domestic	211,645	217,899	1,061,409	452,856
Abroad (Note 24.d)	70,396	1,759	280,371	176,330
Estimated loss from allowance for doubtful accounts	(4,047)	(3,664)	(27,571)	(26,821)
	<u>277,994</u>	<u>215,994</u>	<u>1,314,209</u>	<u>602,365</u>

The Company did not pledge any trade as a guarantee. The maximum exposure to credit risk on the statement of financial position date is the book value of each kind of trade accounts receivable.

The aging analysis of trade accounts receivable is as follows:

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
Falling due	272,197	215,595	1,261,385	571,745
Overdue (days):				
Up to 30	2,169	129	17,079	3,771
31–90	439	270	15,989	24,340
91–180	3,511	35	10,215	2,452
>180	3,725	3,629	37,112	26,878
	<u>9,844</u>	<u>4,063</u>	<u>80,395</u>	<u>57,441</u>
	<u>282,041</u>	<u>219,658</u>	<u>1,341,780</u>	<u>629,186</u>

The changes in the estimated loss in allowance for doubtful accounts is as follows:

	Parent company	Consolidated
March 31, 2018	<u>(3,664)</u>	<u>(26,821)</u>
First-time adoption of IFRS 9 (Note 2.3.d)	(28)	(221)
Estimated loss, net	(355)	178
Exchange variation	-	(707)
September 30, 2018	<u>(4,047)</u>	<u>(27,571)</u>

As of September 30, 2018, the Company had the amounts of R\$ 75,085 and R\$ 761,028 in Parent Company and Consolidated, respectively, (R\$ 16,133 and R\$ 36,741, in Parent Company and Consolidated, respectively as of March 31, 2018) recorded in current liabilities, under Advances from clients caption, which substantially refer to the receipts from foreign clients for acquisition of sugar. When applicable, accounts receivable and advances from clients are presented net.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

#### 6. Inventories

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/2018</u>	<u>03/31/2018</u>	<u>09/30/2018</u>	<u>03/31/2018</u>
Finished goods:				
Sugar	962,950	26,380	1,238,768	55,215
Ethanol	914,315	255,451	2,021,369	521,225
Products in process	24,962	876	31,746	1,333
Warehouse and other	224,421	159,342	276,647	197,719
Estimated loss with inventories' obsolescence and realization	(16,248)	(18,105)	(20,972)	(22,930)
	<u>2,110,400</u>	<u>423,944</u>	<u>3,547,558</u>	<u>752,562</u>

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

	<u>Parent</u>	<u>Consolidated</u>
Balance at March 31, 2018	(18,105)	(22,930)
Estimated loss	(4,911)	(5,057)
Reversal / Realization	6,768	7,015
Balance at September 30, 2018	<u>(16,248)</u>	<u>(20,972)</u>

#### 7. Biological assets

The Company's biological assets correspond to uncut cane cultivated in sugarcane crops that will be used as raw material for production of sugar, ethanol and bioenergy at harvest time. Its fair value appraisal method, valuation model and qualitative sensitivity analysis are the same as those disclosed in the annual financial statements as of March 31, 2018.

The following assumptions were used in the determination of the fair value:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/2018</u>	<u>03/31/2018</u>	<u>09/30/2018</u>	<u>03/31/2018</u>
Estimated harvest area (hectares)	383,510	391,017	438,648	447,277
Amount of ATR per hectare	9.46	10.16	9.66	10.27
Average ATR price per Kg projected (R\$/Kg)	0.60	0.60	0.60	0.60

As of September 30 and March 31, 2018, cash flows were discounted at 6.37% which is the WACC (Weighted Average Capital Cost) of the Company.

The Company periodically reviews assumptions used to calculate biological assets, adjusting it in case there are significant changes in relation to those previously projected. For further details, see Note 2.1.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

Changes in biological assets (sugarcane) are detailed below:

	<u>Parent</u>	<u>Consolidated</u>
<b>Balance at March 31, 2018</b>	<u>775,289</u>	<u>947,815</u>
Additions of sugarcane treatments	330,105	374,295
Absorption of harvested sugarcane costs	(372,374)	(420,805)
Change in fair value	(49,836)	(23,790)
Realization of fair value	(137,428)	(195,238)
Business combination (1)	<u>2,288</u>	<u>2,288</u>
<b>Balance at September 30, 2018</b>	<u>548,044</u>	<u>684,565</u>

(1) Refers to acquisition of Santa Cândida and Paraíso plants. For further details, see Note 27.i

## 8. Other financial assets

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/2018</u>	<u>03/31/2018</u>	<u>09/30/2018</u>	<u>03/31/2018</u>
Credits from indemnity suits - refundable (1)	88,786	83,769	88,786	83,769
Credits from indemnity suits - own (2)	-	-	75,406	-
National Treasury Certificates - CTN (3)	842,177	809,580	861,896	827,042
Other	<u>1</u>	<u>1</u>	<u>100</u>	<u>1</u>
	930,964	893,350	1,026,188	910,812
Current	<u>(522,688)</u>	<u>(408,379)</u>	<u>(540,883)</u>	<u>(408,379)</u>
Non-current	<u>408,276</u>	<u>484,971</u>	<u>485,305</u>	<u>502,433</u>

- (1) Receivables from a final and unappealable judgment in favor of RESA was passed made, which were not part of the net assets contributed by Cosan to set up the Group. Therefore, RESA recognized a liability in the same amount, classified as current and non-current liabilities in the related parties (Note 9.c) caption, given that RESA has the obligation to reimburse those receivables to Cosan when they are actually collected. These credits yield IPCA-E (Special Amplified Consumer Price Index) and Selic rate change plus annual interest of 6% as applicable.
- (2) Receivables from a final and unappealable judgment in favor of Raízen Araraquara, a subsidiary of the Company, relating to the lawsuit of the Instituto do Açúcar e do Alcool ("IAA") against the Federal Government, filed by Copersucar in 1990. The lawsuit involves the awarding of compensation for losses caused to the mills by the Federal Government when setting prices below market prices. The amount of R\$ 75,406 was recognized in the six-month period ended September 30, 2018 under the heading of Other operating income (expenses), net (Note 22).
- (3) Brazilian Treasury Certificates are government bonds issued by the Brazilian Treasury within the Special Agriculture Industry Securitization Program - PESA, with a 20-year original maturity falling due between 2018 and 2025 and which pledged to secure its related financing transaction called PESA. These bonds bear annual compound interest of 12%, plus the IGP-M (General Market Price Index). Their value on maturity date tends to be equivalent to the principal value of the debt due under PESA and may be used for settlement.

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### 9. Related parties

#### a) Summary of related party balances

	Parent		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
<b>Assets</b>				
<b>Assets classification per currency:</b>				
Domestic (domestic currency)	1,410,206	803,832	1,343,871	916,444
Abroad (foreign currency) (Note 24.d)	367,952	87,446	3,859,176	2,853,779
	<u>1,778,158</u>	<u>891,278</u>	<u>5,203,047</u>	<u>3,770,223</u>
<b>Asset management (1)</b>				
Raízen Combustíveis S.A. and its subsidiaries	499,519	12,160	499,519	12,160
Raízen Paraguaçu Ltda	164,012	3,622	-	-
Bioenergia Barra Ltda.	48,317	27,429	-	-
Raízen Caarapó Açúcar e Álcool Ltda.	26,113	-	-	-
Raízen Biogás Ltda	15,156	922	-	-
Agrícola Ponte Alta Ltda.	-	1,932	-	-
Other	3	1,941	-	-
	<u>753,120</u>	<u>48,006</u>	<u>499,519</u>	<u>12,160</u>
<b>Commercial and administrative operations (2)</b>				
Raízen Combustíveis S.A. and its subsidiaries	25,035	125,040	728,017	408,632
Nova América Agrícola Caarapó Ltda.	-	-	117,215	119,694
Shell Trading US Company	-	-	87,927	1,265
Agroterenas S.A.	-	-	32,889	39,324
Rumo Group	22,033	20,459	22,192	20,609
Comgás - Companhia de Gás de São Paulo	11,591	13,017	11,591	13,017
Raízen International Universal Corporation	292,340	86,827	-	-
Raízen Trading LLP	75,380	407	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	28,053	7,363	-	-
Raízen Paraguaçu Ltda.	8,356	61,231	-	-
Other	28,419	26,759	26,295	20,996
	<u>491,207</u>	<u>341,103</u>	<u>1,026,126</u>	<u>623,537</u>
<b>Financial operations (3)</b>				
Raízen Combustíveis S.A. and its subsidiaries	-	-	3,076,396	2,572,495
<b>Corporate restructuring</b>				
Geo Energética Participações S.A (Note 10.d.i)	-	-	2,911	-
<b>Framework operations (4)</b>				
Cosan S.A Indústria e Comércio	533,599	501,957	597,863	561,819
Shell Brazil Holding B.V	232	212	232	212
	<u>533,831</u>	<u>502,169</u>	<u>598,095</u>	<u>562,031</u>
	1,778,158	891,278	5,203,047	3,770,223
<b>Current assets</b>	<u>(1,444,688)</u>	<u>(579,199)</u>	<u>(1,666,686)</u>	<u>(750,419)</u>
<b>Non-current assets</b>	<u>333,470</u>	<u>312,079</u>	<u>3,536,361</u>	<u>3,019,804</u>



# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
<b>Liabilities</b>				
<b>Classification of liabilities per currency:</b>				
Domestic (domestic currency)	1,857,459	746,536	1,180,016	753,119
Abroad (foreign currency) (Note 24.d)	2,323,195	1,455,210	290,535	118,009
	<u>4,180,654</u>	<u>2,201,746</u>	<u>1,470,551</u>	<u>871,128</u>
<b>Asset management (1)</b>				
Raízen Combustíveis S.A. and its subsidiaries	404,215	103,403	404,215	103,403
Raízen Araraquara Açúcar e Álcool Ltda.	415,361	451	-	-
Agrícola Ponte Alta Ltda.	213,005	-	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	161,415	533	-	-
Bioenergia Barra Ltda and its subsidiaries	115,293	101,115	-	-
WX Energy Comercializadora de Energia Ltda.	17,063	-	-	-
Benálcool Açúcar e Álcool Ltda.	1,444	-	-	-
Raízen Caarapó Açúcar e Álcool Ltda.	-	10,269	-	-
	<u>1,327,796</u>	<u>215,771</u>	<u>404,215</u>	<u>103,403</u>
<b>Commercial and administrative operations (2)</b>				
Raízen and Wilmar Sugar Pte. Ltd	-	-	289,352	299
Agroterenas S.A.	-	-	65,106	12,934
Raízen Combustíveis S.A. and its subsidiaries	29,519	30,635	39,802	43,829
Nova América Agrícola Caarapó Ltda.	-	-	37,899	9,731
Nova América Agrícola Ltda.	-	-	34,776	9,428
Rumo Group	22,691	21,371	25,307	24,014
Propriedades Agrícola Radar and its subsidiaries	5,230	5,091	5,230	5,091
Shell Trading US Company	-	-	-	114,143
Raízen Internacional Universal Corporation	699,734	7,595	-	-
Raízen Trading LLP.	44,832	157,001	-	-
Raízen Paraguaçu Ltda.	752	21,841	-	-
Agrícola Ponte Alta Ltda.	-	19,665	-	-
Other	35,455	24,758	27,618	18,556
	<u>838,213</u>	<u>287,957</u>	<u>525,090</u>	<u>238,025</u>
<b>Financial operations (3)</b>				
Shell Finance B.V.	1,183	3,567	1,183	3,567
Cosan S.A. Indústria e Comércio	1,005	3,032	1,005	3,032
Raízen Fuels Finance Limited	1,577,446	1,287,047	-	-
	<u>1,579,634</u>	<u>1,293,646</u>	<u>2,188</u>	<u>6,599</u>
<b>Corporate restructuring</b>				
Logum Logística S.A.	61,457	61,457	61,457	61,457
Uniduto Logística S.A.	14,281	14,281	14,281	14,281
Raízen Biogás Ltda. (Note 10.d.i)	16,496	-	-	-
	<u>92,234</u>	<u>75,738</u>	<u>75,738</u>	<u>75,738</u>
<b>Framework operations (4)</b>				
Cosan S.A Indústria e Comércio	330,034	315,891	452,492	436,535
Agrícola Ponte Alta S.A.	1,915	1,915	-	-
	<u>331,949</u>	<u>317,806</u>	<u>452,492</u>	<u>436,535</u>
<b>Preferred shares (5)</b>				
Cosan S.A Indústria e Comércio	10,828	10,828	10,828	10,828
	<u>4,180,654</u>	<u>2,201,746</u>	<u>1,470,551</u>	<u>871,128</u>
<b>Current liabilities</b>				
	<u>(2,319,780)</u>	<u>(652,945)</u>	<u>(1,066,814)</u>	<u>(491,234)</u>
<b>Non-current liabilities</b>				
	<u>1,860,874</u>	<u>1,548,801</u>	<u>403,737</u>	<u>379,894</u>

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### (1) Asset management

The amount recorded in assets refers to funds made available to companies as a form of managing financial resources. On these transactions, the Company recorded financial income in the amount of R\$ 18,014 and R\$ 11,708 (R\$ 29,566 and R\$ 26,284 in the six-month period ended September 30, 2017), Parent Company and Consolidated, respectively, according to the cash financial management, under the terms of the resource management agreement.

The amount recorded in liabilities refers to funds received from the companies as a form of managing financial resources. On these transactions, the Company recorded financial expenses in the amount of R\$ 30,207 and R\$ 7,878 (R\$ 28,069 and R\$ 7,483 in the six-month period ended September 30, 2017), Parent Company and Consolidated, respectively, according to the cash financial management, under the terms of the resource management agreement.

### (2) Commercial operations

Amount recorded in assets refers to commercial transactions for sale of products such as: sugar, ethanol and other materials, as well as advances for acquisition of sugar cane and port lifting transactions.

Amount recorded in liabilities refers to reimbursement of administrative expenses, rendering of services, advances from clients for export of sugar and purchase of products such as: sugar, sugarcane, diesel, and ethanol.

### (3) Financial operations

As of September 30, 2018, the amount recorded in assets refers to export prepayment agreements (“PPE”) receivable from Raízen Combustíveis S.A., as stated below:

Contract	Currency	Principal value in foreign currency	Maturity	Annual effective average interest rate	Index	Consolidated	
						09/30/2018	03/31/2018
PPE	Dollar (US\$)	219,000	04/27/2020	4.06%	Libor	877,349	725,140
PPE	Dollar (US\$)	350,000	01/20/2027	5.49%	-	1,416,325	1,175,749
		569,000				2,293,674	1,900,889
PPE	Euro (€)	66,000	10/15/2021	3.09%	-	316,417	271,996
PPE	Euro (€)	40,000	01/20/2022	1.89%	Euribor	186,883	160,664
PPE	Euro (€)	60,000	01/21/2022	2.18%	Euribor	279,422	238,946
		166,000				782,722	671,606
						3,076,396	2,572,495
					Current	(25,524)	(17,407)
					Non-current	3,050,872	2,555,088

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

As of September 30, 2018, the amount recorded in liabilities refers mainly to export prepayment agreements ("PPE") due to Raízen Fuels as shown below:

Contract	Currency	Principal value in foreign currency	Maturity	Annual effective average interest rate	Index	Parent company	
						09/30/2018	03/31/2018
PPE (1)	Dollar (US\$)	231,000	04/27/2020	4.06%	Libor	930,873	762,904
PPE	Dollar (US\$)	25,000	01/20/2027	5.49%	Libor	101,004	273,718
PPE (1)	Dollar (US\$)	125,000	01/20/2027	5.49%	Libor	545,569	250,425
		381,000				1,577,446	1,287,047
					Current	(6,933)	(5,747)
					Non-current	1,570,513	1,281,300

- (1) The Company assigns certain PPE as liability measured at fair value through profit or loss. Accordingly, the said export prepayment is increased by the fair value evaluation in the amount of R\$ 45,552 (R\$ 20,253 on March 31, 2018), with a negative impact in the income (loss) of R\$ 25,299 (negative - R\$ 25,310 as of March 31, 2018).

#### (4) Framework agreement

As of September 30, 2018, amounts recorded in assets and liabilities refer to amounts spent or payable, fully reimbursable, resulting from establishment of Raízen (Note 1).

#### (5) Preferred shares

The balance of preferred shares payable, recorded in liabilities, refers to tax benefit amounts to reimburse Cosan, when effectively utilized by the Company, determined at balances of tax losses and negative basis of social contribution (NOL) and tax benefit on amortization of goodwill ("GW").

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### b) Summary of related-party transactions

	<b>Parent company</b>			
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
<b>Sale of products, net of returns</b>				
Raízen International Universal	492,241	897,404	867,295	1,235,522
Raízen Trading LLP	522,776	658,920	308,317	413,623
Raízen Combustíveis S.A. and its subsidiaries	29,314	193,341	2,065	9,431
Shell Trading US Company	-	-	42,700	42,700
Other	63,473	156,975	8,238	17,990
	<u>1,107,804</u>	<u>1,906,640</u>	<u>1,228,615</u>	<u>1,719,266</u>
<b>Purchase of goods and services</b>				
Raízen Combustíveis S.A. and its subsidiaries	(188,973)	(371,959)	(176,679)	(308,888)
Rumo Group (4)	(80,733)	(151,481)	(110,571)	(188,748)
Raízen Araraquara Açúcar e Álcool Ltda.	(24,621)	(58,962)	(12,375)	(28,570)
Raízen Trading LLP	-	(32,755)	(12,094)	(12,152)
Cosan Lubrificantes e Especialidades S.A.	(4,151)	(9,533)	(5,463)	(8,953)
Shell Brasil Petróleo	(1,092)	(4,011)	(2,006)	(2,883)
Palermo Agrícola S.A.	(1,194)	(2,934)	(1,750)	(2,921)
Raízen Paraguaçu Ltda.	(432)	(1,906)	(5,760)	(23,152)
Iogen Energy Corporation	-	-	(304)	(317)
Other	(6,826)	(16,981)	(19,520)	(35,238)
	<u>(308,022)</u>	<u>(650,522)</u>	<u>(346,522)</u>	<u>(611,822)</u>
<b>Rechargeable shared expenses (1)</b>				
Raízen Combustíveis S.A. and its subsidiaries	33,449	66,458	33,378	68,233
Companhia de Gás de São Paulo	9,495	18,176	8,019	15,499
Rumo Group (4)	6,534	13,269	6,112	12,805
Raízen Paraguaçu Ltda.	6,176	11,563	5,888	11,852
Bioenergia Barra Ltda and its subsidiaries	2,553	4,606	1,991	3,959
Raízen Caarapó Açúcar e Álcool Ltda.	2,207	3,688	989	1,995
Cosan Lubrificantes e Especialidades S.A.	1,452	3,016	1,726	3,672
Other	5,840	11,064	5,179	10,247
	<u>67,706</u>	<u>131,840</u>	<u>63,282</u>	<u>128,262</u>
<b>Land leases (2)</b>				
Radar Group (iii)	(17,694)	(35,585)	(19,050)	(39,821)
Janus Group	(6,896)	(14,983)	(9,087)	(15,840)
Tellus Group	(5,702)	(11,204)	(5,539)	(11,877)
Aguassanta Group (i)	(3,074)	(5,854)	(2,911)	(6,057)
Barrapar Participações S.A.	(5)	(20)	(16)	(33)
	<u>(33,371)</u>	<u>(67,646)</u>	<u>(36,603)</u>	<u>(73,628)</u>
<b>Net financial income (3)</b>				
Raízen Internacional Universal	(3,412)	14,858	(2,968)	10,585
Raízen Combustíveis S.A. and its subsidiaries	3,206	3,830	12,199	18,801
Shell Finance B.V.	336	2,384	(2,197)	(4,460)
Raízen Energy Finance Limited	(42)	(191)	39	-
Raízen Paraguaçu Ltda.	1,363	(619)	(1,074)	(1,175)
Cosan S.A. Indústria e Comércio	285	(2,196)	(1,868)	(3,792)
Bioenergia Barra Ltda and its subsidiaries	(1,047)	(2,664)	(10,300)	(10,376)
Raízen Fuels Finance Limited	(99,413)	(324,537)	40,404	(35,731)
Other	(16,310)	(22,069)	(15,733)	(11,633)
	<u>(115,034)</u>	<u>(331,204)</u>	<u>18,502</u>	<u>(37,781)</u>

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

	<b>Consolidated</b>			
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
<b>Sale of products, net of returns</b>				
Raízen Combustíveis S.A. and its subsidiaries	1,335,523	2,714,430	391,770	1,085,608
Raízen and Wilmar Sugar Pt	459,124	918,412	958,588	1,312,777
Shell Trading US Company	220,219	220,219	117,271	132,787
Shell Brasil Petroleo	11,466	32,799	-	-
Shell Trading Rotterdam	-	-	8,151	20,118
Other	4,717	8,773	9,699	19,348
	<u>2,031,049</u>	<u>3,894,633</u>	<u>1,485,479</u>	<u>2,570,638</u>
<b>Purchase of goods and services</b>				
Shell Trading US Company	(265,473)	(817,343)	(96,476)	(260,911)
Raízen Combustíveis S.A. and its subsidiaries	(211,619)	(417,140)	(199,338)	(351,186)
Rumo Group (4)	(88,906)	(168,573)	(121,366)	(214,974)
Agroterenas S.A.	(83,073)	(157,603)	(106,861)	(173,560)
Nova América Agrícola Ltda.	(47,370)	(86,210)	(67,570)	(113,235)
Nova América Agrícola Caarapó Ltda.	(52,112)	(72,780)	(63,812)	(77,035)
Cosan Lubrificantes e Especialidades S.A.	(5,876)	(13,083)	(7,130)	(11,647)
Shell Energy do Brasil Ltda	(11,377)	(11,377)	-	-
Nova América Terras Ltda.	(3,182)	(5,593)	(3,700)	(6,669)
Shell Brasil Petróleo	(1,330)	(4,802)	(2,345)	(3,551)
Agroterenas S.A. Terra	(3,018)	(4,027)	(3,261)	(5,445)
Palermo Agrícola S.A.	(1,194)	(2,934)	(1,750)	(2,922)
Iogen Energy Corporation	-	-	(2,578)	(5,449)
Other	(4,247)	(4,568)	(6,016)	(15,924)
	<u>(778,777)</u>	<u>(1,766,033)</u>	<u>(682,203)</u>	<u>(1,242,508)</u>
<b>Rechargeable shared expenses (1)</b>				
Raízen Combustíveis S.A. and its subsidiaries	33,449	66,458	33,378	68,234
Companhia de Gás de São Paulo	9,495	18,176	8,019	15,499
Rumo Group (4)	6,534	13,269	6,112	12,806
Cosan Lubrificantes e Especialidades S.A.	1,452	3,016	1,726	3,673
Cosan S.A. Indústria e Comércio	411	1,133	1,206	2,191
Other	1,045	2,150	878	1,760
	<u>52,386</u>	<u>104,202</u>	<u>51,319</u>	<u>104,163</u>
<b>Land leases (2)</b>				
Radar Group (iii)	(17,694)	(35,585)	(19,050)	(39,821)
Janus Group	(6,896)	(14,983)	(9,087)	(15,840)
Tellus Group	(5,702)	(11,204)	(5,539)	(11,877)
Aguassanta Group (i)	(3,074)	(5,854)	(2,911)	(6,057)
Barrapar Participações S.A.	(5)	(20)	(16)	(33)
	<u>(33,371)</u>	<u>(67,646)</u>	<u>(36,603)</u>	<u>(73,628)</u>
<b>Net financial income (3)</b>				
Raízen Combustíveis S.A. and its subsidiaries	145,630	566,561	(42,527)	143,648
Nova América Agrícola Caarapó Ltda.	1,917	3,721	2,130	4,611
Shell Finance B.V.	336	2,384	(2,196)	(4,460)
Agroterenas S.A.	175	380	429	954
Cosan S.A. Indústria e Comércio	285	(2,196)	(1,868)	(3,792)
Other	(3)	11	532	507
	<u>148,340</u>	<u>570,861</u>	<u>(43,500)</u>	<u>141,468</u>

- (i) 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.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

- (ii) The term Aguassanta Group refers to land lease transactions for the planting of sugarcane with entities Aguassanta Agrícola Ltda., Aguassanta Participações S.A., Aguapar Agrícola Ltda., Palermo Agrícola S.A. and Vila Santa Empreendimentos Imobiliários Ltda.
- (iii) The term Radar Group refers to land lease transactions for the planting of sugarcane, and main entities in the group are Radar Propriedades Agrícolas S.A., Nova Agrícola Ponte Alta S.A., Nova Amaralina S.A., Terras da Ponte Alta, Nova Santa Barbara Agrícola S.A., Radar II Propriedades Agrícolas S.A., Vale da Ponte Alta S.A., Proud Participações S.A. and Bioinvestments Negócios S.A.
- (1) Expenses incurred by shared corporate, management and operating costs reimbursed from related parties;
- (2) Expenses incurred with land leased from related parties, outside Raízen Group;
- (3) It mainly refers to charges produced between said entities as a way of administering financial resources, due the financial management of cash and PPE.
- (4) Transactions with related parties are entered under reasonable and cumulative conditions, in line with those prevailing in the market or that the Company would contract with third parties.

#### c) Summary of shareholder Cosan's refundable and rechargeable balances

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
<b>Current assets</b>				
Other financial assets (Note 8)	-	11,967	-	11,967
Other receivable (i)	50,502	47,252	59,584	55,503
	<u>50,502</u>	<u>59,219</u>	<u>59,584</u>	<u>67,470</u>
<b>Non-current assets</b>				
Judicial deposits (Note 16)	126,236	121,436	237,634	231,865
Other financial assets (Note 8)	88,786	71,802	88,786	71,802
Other receivable (i)	64,510	63,434	66,488	65,398
	<u>279,532</u>	<u>256,672</u>	<u>392,908</u>	<u>369,065</u>
<b>Total assets</b>	<u>330,034</u>	<u>315,891</u>	<u>452,492</u>	<u>436,535</u>
<b>Current liabilities</b>				
Taxes payable	5,679	2,770	8,094	5,144
Other payable (ii)	194,696	187,368	219,554	205,429
	<u>200,375</u>	<u>190,138</u>	<u>227,648</u>	<u>210,573</u>
<b>Non-current liabilities</b>				
Taxes payable (ii)	167,896	165,050	177,810	175,910
Provision for legal disputes (Note 16)	165,328	146,769	192,405	175,336
	<u>333,224</u>	<u>311,819</u>	<u>370,215</u>	<u>351,246</u>
<b>Total liabilities</b>	<u>533,599</u>	<u>501,957</u>	<u>597,863</u>	<u>561,819</u>

(i) Refer mainly to legal expenses receivable from the shareholder.

(ii) Refer mainly to tax credits to be reimbursed to shareholder.

## **RAÍZEN ENERGIA S.A.**

### **Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)**

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

**Committed Back-up Credit Facility Agreement**

The Company is a beneficiary of a US\$ 700,000 Revolving Committed Back-up Credit Facility Agreement granted by Shell Finance (Netherlands) B.V. and Cosan S.A. Indústria e Comércio. The aforementioned credit facility had not been used by the end of the six-month period ended September 30, 2018. Furthermore, this facility was renewed and its new maturity is May 2021.

**e) Directors and members of the Board of Directors**

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

	<u>Apr-Sep/2018</u>	<u>Apr-Sep/2017</u>
Regular remuneration	(27,082)	(25,021)
Bonuses and other variable remuneration	<u>(17,837)</u>	<u>(15,985)</u>
Total remuneration	<u><u>(44,919)</u></u>	<u><u>(41,006)</u></u>

The Company shares the corporate, managerial and operational structures and costs of its related party Raízen Combustíveis S.A. ("RCSA"). Key management personnel and other administrative jobs are performed mainly by employees of the Company. Accordingly, as of September 30, 2018, RCSA reimbursed to the Company throughout the shared structure, including key management personnel and other employees, the amount of R\$ 28,016 (R\$ 31,896 in the six-month period ended September 30, 2017).

**f) Other significant information involving related parties**

The Company is the guarantor of certain debts and derivative financial instruments of its related party RCSA.

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### 10. Investments

#### a) Parent company

	Country	Business	Equity interest percentage	Investments (1)		Equity accounting results	
				09/30/2018	03/31/2018	Apr–Sep/2018	Apr–Sep/2017
<u>Book value</u>							
Agrícola Ponte Alta Ltda.	Brazil	Ethanol trade	91.21%	942,178	912,330	29,847	12,710
Benálcool Açúcar e Álcool Ltda.	Brazil	Holding	100.00%	3,578	54,318	1,260	81,638
Centro de Tecnologia Canavieira S.A.	Brazil	R&D	19.04%	108,397	107,928	432	466
Raízen Caarapó Açúcar e Álcool Ltda.	Brazil	Sugar and ethanol plant	31.48%	214,791	211,580	3,210	2,252
Raízen Centroeste Açúcar e Álcool Ltda.	Brazil	Ethanol plant	47.37%	619,469	684,613	5,911	16,589
Logum Logística S.A. (4)	Brazil	Logistics	20.78%	132,710	132,986	(13,277)	(17,294)
Raízen Araraquara Açúcar e Álcool Ltda. (3)	Brazil	Sugar and ethanol plant	99.99%	888,727	824,956	63,772	(7,460)
Raízen Fuels Finance S.A.	Luxembourg	Financing	100.00%	51,962	39,887	3,612	3,237
Raízen and Wilmar Sugar PTE Ltd.	Singapore	Trading of sugar	50.00%	24,015	13,448	7,164	10,576
Raízen Energy Finance Ltd.	Cayman Islands	Financing	100.00%	39,229	32,566	-	(2)
Raízen Paraguaçu Ltda. (3)	Brazil	Sugar and ethanol plant	100.00%	859,327	999,354	(20)	30,872
TEAS - Terminal Exportador de Alcool de Santos Ltda. (6)	Brazil	Port terminal	-	-	-	-	5,818
Bionergia Barra Ltda.	Brazil	Cogeneration of energy	99.99%	699,014	810,408	198,742	219,716
Uniduto Logística S.A.	Brazil	Logistics	46.48%	31,339	31,416	(3,098)	(4,644)
Raízen-Geo Biogás S.A. (Note 10.d.i)	Brazil	Biogas plant	85.00%	23,160	-	(276)	-
Raízen Trading LLP	United Kingdom	Trading	100.00%	160,568	181,878	4,987	-
Subtotal				<u>4,798,464</u>	<u>5,037,668</u>	<u>302,266</u>	<u>354,474</u>
<u>Investment goodwill (5)</u>							
Benálcool Açúcar e Álcool Ltda.			100.00%	49,202	49,202	-	-
Raízen Araraquara Açúcar e Álcool Ltda.			99.99%	197,013	197,013	-	-
Raízen Tarumã Ltda.			100.00%	92,379	92,379	-	-
Uniduto Logística S.A.			46.48%	5,677	5,676	-	-
Centro de Tecnologia Canavieira S.A.			19.04%	45,514	45,514	-	-
Subtotal				<u>389,785</u>	<u>389,784</u>	<u>-</u>	<u>-</u>
Total investments				<u>5,188,249</u>	<u>5,427,452</u>	<u>302,266</u>	<u>354,474</u>
<u>Provision for negative equity in subsidiaries and associated companies (2)</u>							
Raízen International Universal Corporation	British Virgin Islands	Ethanol and sugar trade	100.00%	(2,010)	(118)	12,821	27,227
Unimodal Ltda.	Brazil	Logistics	53.17%	(1,923)	(1,923)	-	-
Raízen-Geo Biogás S.A.	Brazil	Biogas plant	85.00%	-	(41)	(88)	(23)
Other	Brazil	-	-	(3)	(3)	-	-
Total provision for shareholders' deficit				<u>(3,936)</u>	<u>(2,085)</u>	<u>12,733</u>	<u>27,204</u>
						<u>314,999</u>	<u>381,678</u>

(1) Investments assessed under the equity method; (2) Classified in the non-current liabilities, under "Other obligations" caption; (3) As of September 30, 2018, balances of investments include a portion allocated to goodwill from merger of Curupay and acquisition of Usina Zanin in the amounts of R\$ 100,052 and R\$ 60,955 (Negative) (R\$ 103,383 and R\$ 59,105 (negative) as of March 31, 2018), respectively. Goodwill amortizations of said recognitions, classified in Parent company as equity in investees, totaled R\$3,331 and R\$1,849 (R\$3,675 and R\$896 on March 31, 2018), respectively; (4) As of September 30, 2018, includes the estimated impairment loss on the investment in the amount of R\$ 131,792, as mentioned in Note 10.e.ii of the annual financial statements as of March 31, 2018; (5) Goodwill in the acquisition of shares; (6) On March 29, 2018, TEAS was sold to Grupo Ultra.



# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### (b) Consolidated

	Country	Business	Equity interest percentage	Investments (1)		Equity accounting results	
				09/30/2018	03/31/2018	Apr- Sep/2018	Apr- Sep/2017
<u>Book value</u>							
Centro de Tecnologia Canavieira S.A.	Brazil	R&D	19.58%	111,471	110,989	443	480
Logum Logística S.A. (3)	Brazil	Logistics	20.78%	132,710	132,986	(13,277)	(17,294)
Uniduto Logística S.A.	Brazil	Logistics	46.48%	31,340	31,416	(3,098)	(4,644)
Raízen and Wilmar Sugar Pte. Ltd.	Singapore	Trading	50.00%	24,015	13,448	7,165	10,576
Subtotal				<u>299,536</u>	<u>288,839</u>	<u>(8,767)</u>	<u>(10,882)</u>
<u>Investment goodwill (2)</u>							
Uniduto Logística S.A.			46.48%	5,676	5,676	-	-
Centro de Tecnologia Canavieira S.A.			19.58%	51,946	51,946	-	-
Subtotal				<u>57,622</u>	<u>57,622</u>	<u>-</u>	<u>-</u>
Total investments				<u>357,158</u>	<u>346,461</u>	<u>(8,767)</u>	<u>(10,882)</u>

(1) Investments assessed under the equity method; (2) Goodwill on the purchase of shares; (3) As of September 30, 2018, included the estimated impairment loss on the investment in the amount of R\$ 131,792, as mentioned in Note 10.e.ii of the annual financial statements as of March 31, 2018.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

Movement in interest in subsidiaries and associated companies:

	<u>Parent company</u>	<u>Consolidated</u>
<b>Balance at March 31, 2018</b>	5,427,452	346,461
Equity accounting results	302,266	(8,767)
Additions to investment (Note 10.d.i)	39,586	16,021
Dividends declared (Note 10.d.ii)	(631,462)	-
Effect of foreign currency translation - CTA	48,406	-
First-time adoption of IFRS 9 (Note 2.3.d)	144	-
Other	1,857	3,443
<b>Balance at September 30, 2018</b>	<u>5,188,249</u>	<u>357,158</u>

Movement in provision for deficit equity in subsidiaries and associated companies:

	<u>Parent company</u>
<b>Balance at March 31, 2018</b>	(2,085)
Equity accounting results	12,733
Other	(1,763)
Effect of foreign currency translation - CTA	(12,821)
<b>Balance at September 30, 2018</b>	<u>(3,936)</u>

There are no cross-holdings between the parent company and the investees.

c) **Summarized financial information of associated companies, considering adjustments to equity value, when applicable.**

- September 30, 2018

	<u>Logum Logística S.A. (1)/(2)</u>	<u>Uniduto Logística Ltda. (1)/(2)</u>	<u>Centro de Tecnologia Canavieira S.A. (2)/(4)</u>	<u>Iogen Energy Corporation (3)</u>	<u>Raízen and Wilmar Sugar PTE Ltd. (4)</u>
Assets	2,318,769	98,164	775,748	33,032	410,264
<b>Liabilities</b>	<u>(1,045,299)</u>	<u>(30,733)</u>	<u>(206,437)</u>	<u>(316,071)</u>	<u>(362,234)</u>
Equity	<u>1,273,470</u>	<u>67,431</u>	<u>569,311</u>	<u>(283,039)</u>	<u>48,030</u>
Six-month period ended September 30, 2018					
Net operating revenue	80,480	-	80,671	-	1,100,607
Net income (loss)	(63,816)	(27)	2,265	(501)	14,756
Six-month period ended September 30, 2017					
Net operating revenue	58,250	-	53,638	-	1,395,094
Net income (loss)	(69,316)	(163)	2,449	(877)	20,898

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

- March 31, 2018

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Iogen Energy Corporation (3)	Raízen and Wilmar Sugar PTE Ltd. (4)
Assets	2,287,895	98,340	801,551	34,594	93,584
<b>Liabilities</b>	<b>(1,015,609)</b>	<b>(30,743)</b>	<b>(234,701)</b>	<b>(265,464)</b>	<b>(66,688)</b>
Equity	<u>1,272,286</u>	<u>67,597</u>	<u>566,850</u>	<u>(230,870)</u>	<u>26,896</u>

- (1) The fiscal year of these investees ends on December 31;
- (2) Significant influence over these companies has been defined, mainly, based on the Company's right to elect key management personnel and to decide on their significant operational and some strategic issues.
- (3) Jointly controlled entity in which the Company interest is 50% in common shares, whose fiscal year ends on August 31. The Company did not form an estimated loss for equity in net income of subsidiaries, given that it has no legal or constructive obligations to make payments on account of that company.
- (4) Year ended March 31, every year.

#### d) Transactions occurred up to September 30, 2018

##### i) Additions to investment

###### Capital increase in Logum Logística S.A. ("Logum")

As of March 28, 2018, Company's capital increase was resolved and approved totaling R\$ 42,000. The amount subscribed by the Company on April 9, 2018 was R\$ 8,400, which was paid up by means of a bank deposit on April 11, 2018.

As of June 28, 2018, Company's capital increase was resolved and approved totaling R\$ 23,000. The amount subscribed by the Company on July 6, 2018 was R\$ 4,600, which was paid up by means of a bank deposit on July 11, 2018.

At the end of this operation, RESA started to hold direct and indirect ownership interest of 20.77% and 25.59%, respectively, in Logum (20.81% and 25.65% as at March 31, 2018).

###### Capital increases in Uniduto Logística S.A. ("Uniduto")

As of March 28, 2018, Company's capital increase was resolved and approved totaling R\$ 4,200. The amount subscribed and paid up by the Company on April 9, 2018, according to its ownership interest, was R\$ 1,952.

As of June 28, 2018, Company's capital increase was resolved and approved totaling R\$ 2,300. The amount subscribed by the Company on July 06, 2018 was R\$ 1,069, according to interest, and paid up by means of a bank deposit on July 10, 2018.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

In these operations, there were no changes in the percentage of interest in capital of the investee, since all shareholders effected capital contributions in proportion to their existing holding.

#### Capital increase at Biogás

As of August 31, 2018, Company's capital increase was resolved, approved and subscribed totaling R\$ 27,724. Of this amount, R\$ 521 were paid in by the Company on the same date as contribution of assets; R\$ 7,796 (R\$ 6,548 for the Company and R\$ 1,248 for the minority shareholder) were paid in on September 15, 2018 through direct deposit; R\$ 8,318 (R\$ 7,070 by the Company and R\$ 1,248 by the minority shareholder) will be paid in by October 15, 2018, and R\$ 11,089 (R\$ 9,426 by the Company and R\$ 1,663 by the minority shareholder) will be paid on by April 1, 2019.

#### ii) Dividends declared

						Dividends
Subsidiary	Determination period	Assigned	Received	Allocation date	Receipt date	Receivable
Raízen Trading	17'18 crop	87,060	(87,060)	03/31/2018	06/22/2018	-
Bio Barra	17'18 crop	3,347	-	03/31/2018	-	3,347
Raízen Paraguaçu	17'18 crop	1,406	-	03/31/2018	-	1,406
Agrícola Ponte Alta	17'18 crop	801	-	03/31/2018	-	801
Benálcool	17'18 crop	533	-	03/31/2018	-	533
Raízen Centroeste	17'18 crop	472	-	03/31/2018	-	472
Raízen Caarapó	17'18 crop	22	-	03/31/2018	-	22
Raízen Trading	17'18 crop	58,407	(58,407)	06/22/2018	06/22/2018	-
Bio Barra	17'18 crop	310,000	-	09/28/2018	-	310,000
Raízen Paraguaçu	17'18 crop	140,000	-	09/28/2018	-	140,000
Benálcool	17'18 crop	52,000	(52,000)	09/28/2018	09/28/2018	-
Raízen Centroeste	17'18 crop	71,055	-	09/28/2018	-	71,055
		<u>725,103</u>	<u>(197,467)</u>			<u>527,636</u>

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

### 11. Property, plant and equipment

#### a) Parent company

	Lands and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircrafts, vessels and vehicles	Furniture, fixtures and IT equipment	Constructions in progress	Frequently replaced parts and accessories	Sugarcane planting	Other	Total
<b>Cost:</b>										
<b>March 31, 2018</b>	14,915	825,431	4,267,850	514,758	148,215	391,323	962,191	4,279,863	19,010	11,423,556
Additions	-	873	9,574	854	1,118	187,512	67,729	247,881	-	515,541
Business combination (1)	-	-	(6,362)	(3,217)	-	(521)	-	72	-	(10,028)
Write-offs	-	-	(9,164)	(14,076)	(573)	-	-	-	-	(23,813)
Transfers (2)	-	64,630	136,728	33,131	18,916	(269,167)	-	-	-	(15,762)
Estimated loss (3)	-	(2)	(1,139)	(156)	(531)	-	-	-	-	(1,828)
<b>September 30, 2018</b>	14,915	890,932	4,397,487	531,294	167,145	309,147	1,029,920	4,527,816	19,010	11,887,666
<b>Accumulated depreciation:</b>										
<b>March 31, 2018</b>	-	(254,078)	(1,546,598)	(233,145)	(96,650)	-	(510,410)	(3,087,026)	(19,010)	(5,746,917)
Depreciation expense in the period	-	(17,386)	(163,643)	(28,241)	(10,297)	-	(397,775)	(270,498)	-	(887,840)
Write-offs	-	-	7,803	9,368	550	-	-	-	-	17,721
Transfers (2)	-	(2,974)	5,278	(1,900)	(402)	-	-	-	-	2
<b>September 30, 2018</b>	-	(274,438)	(1,697,160)	(253,918)	(106,799)	-	(908,185)	(3,357,524)	(19,010)	(6,617,034)
<b>Net residual value:</b>										
September 30, 2018	14,915	616,494	2,700,327	277,376	60,346	309,147	121,735	1,170,292	-	5,270,632
March 31, 2018	14,915	571,353	2,721,252	281,613	51,565	391,323	451,781	1,192,837	-	5,676,639

(1) Refers to: i) the final adjustments in the allocation of the acquisition price of Santa Candida and Paraíso plants, in the amount of R\$ 9,507, see Note 27.i; and ii) Contribution of capital in Raízen Biogás through the transfer of assets in the amount of R\$ 521, see Note 10.d.i.

(2) Relates to the transfers between classes of property, plant and equipment and of intangible assets.

(3) Refers to net formation of estimated loss in fixed assets, recognized in income (loss) for the period under "Other operating income (expenses), net" caption (Note 22).

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

### b) Consolidated

	Lands and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircrafts, vessels and vehicles	Furniture, fixtures and IT equipment	Constructions in progress	Frequently replaced parts and accessories	Sugarcane planting	Other	Total
<b>Cost:</b>										
<b>March 31, 2018</b>	37,926	1,480,011	8,554,170	585,897	178,660	528,258	1,245,901	4,976,918	29,145	17,616,886
Additions	-	996	14,226	1,279	1,525	236,242	84,633	273,034	2	611,937
Business combination (1)	-	66	(6,349)	(3,217)	79	-	-	72	-	(9,349)
Write-offs	-	-	(11,761)	(13,034)	(615)	-	-	-	-	(25,410)
Transfers (2)	-	107,727	158,369	37,236	20,924	(343,555)	-	-	3,416	(15,883)
Estimated loss (3)	-	(2)	(1,115)	(272)	(534)	-	-	-	-	(1,923)
Other	-	-	-	-	93	-	-	-	-	93
<b>September 30, 2018</b>	<u>37,926</u>	<u>1,588,798</u>	<u>8,707,540</u>	<u>607,889</u>	<u>200,132</u>	<u>420,945</u>	<u>1,330,534</u>	<u>5,250,024</u>	<u>32,563</u>	<u>18,176,351</u>
<b>Accumulated depreciation:</b>										
<b>March 31, 2018</b>	-	(403,679)	(3,055,919)	(271,904)	(116,034)	-	(665,301)	(3,644,899)	(26,826)	(8,184,562)
Depreciation expense in the period	-	(28,164)	(302,318)	(31,913)	(12,223)	-	(504,233)	(299,011)	(500)	(1,178,362)
Write-offs	-	-	9,778	10,235	588	-	-	-	-	20,601
Transfers (2)	-	(6,128)	9,151	(2,411)	(607)	-	-	-	-	5
<b>September 30, 2018</b>	<u>-</u>	<u>(437,971)</u>	<u>(3,339,308)</u>	<u>(295,993)</u>	<u>(128,276)</u>	<u>-</u>	<u>(1,169,534)</u>	<u>(3,943,910)</u>	<u>(27,326)</u>	<u>(9,342,318)</u>
<b>Net residual value:</b>										
September 30, 2018	37,926	1,150,827	5,368,232	311,896	71,856	420,945	161,000	1,306,114	5,237	8,834,033
March 31, 2018	37,926	1,076,332	5,498,251	313,993	62,626	528,258	580,600	1,332,019	2,319	9,432,324

(1) Refers to: i) Final adjustments in the allocation of the acquisition price of the Santa Candida and Paraíso plants in the amount of R\$ 9,507, see Note 27.i;ii); Acquisition of RWXE in the amount of R\$ 158, see Note 27.ii.

(2) Relates to the transfers between classes of property, plant and equipment and of intangible assets.

(3) Refers to net formation of estimated loss in fixed assets, recognized in income (loss) for the period under "Other operating income (expenses), net" caption (Note 22).

## **RAÍZEN ENERGIA S.A.**

### **Management notes to the interim financial information**

**September 30, 2018**

**(In thousands of reais, unless otherwise indicated)**

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#### **Constructions in progress**

The balance of constructions in progress refers mainly to: i) stillage concentration project; ii) project for reception of chopped sugarcane and separation of straw for co-generation of energy; iii) installation of tanks to expand ethanol storage capacity; and iv) investments to maintain and improve processing, agricultural automation, as well as in Security, Health and Environment.

During the six-month period ended September 30, 2018, several projects were completed, namely: i) investments for processing maintenance and improvement and agricultural automation, in the amount of R\$ 225,882; ii) SSMA in the amount of R\$ 95,955; and iii) administrative investments of units in the amount of R\$ 21,843.

#### **Borrowing cost capitalization**

In the six-month period ended September 30, 2018, loan costs capitalized in Parent company and Consolidated reached R\$ 11,975 and R\$ 16,576 (R\$ 8,901 and R\$ 16,604 in the six-month period ended September 30, 2017), respectively. The annual weighted average rates of debt financial charges for the Parent Company and Consolidated, used for capitalization of interest in the balance of construction in progress were 6.97% and 7.38% as of September 30, 2018 (7.03% and 7.29% as of September 30, 2017), respectively.

#### **Financial lease**

As of September 30, 2018, the machinery and equipment, vehicles and aircraft classes include net residual values of R\$ 16,458 (R\$ 24,344 as of March 31, 2018), Parent Company and Consolidated in which the Company is the lessee under a financial lease, guaranteed by promissory note in the amount of R\$ 13,076.

#### **Property, plant and equipment pledged**

As of September 30, 2018, loans and financing are secured by land, building and machinery in the total amount of R\$ 540,892 and R\$ 922,895 (R\$ 642,821 and R\$ 1,093,646 as of March 31, 2018), in the Parent Company and Consolidated, respectively.

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### 12. Intangible assets

#### a) Parent company

	Software license	Goodwill	Agricultural partnership agreements	Sugarcane supply agreements	Technology	Total
<b>Cost or evaluation:</b>						
<b>March 31, 2018</b>	202,231	1,618,676	18,411	26,011	183,729	2,049,058
Additions	7	-	-	-	-	7
Business combinations (1)	-	21,135	-	-	-	21,135
Transfers (2)	15,762	-	-	-	-	15,762
<b>September 30, 2018</b>	<u>218,000</u>	<u>1,639,811</u>	<u>18,411</u>	<u>26,011</u>	<u>183,729</u>	<u>2,085,962</u>
<b>Accumulated amortization:</b>						
<b>March 31, 2018</b>	(131,249)	(368,026)	(15,476)	(15,606)	(53,962)	(584,319)
Amortization expense in the period	(13,953)	-	(2,687)	(3,382)	(9,186)	(29,208)
Transfers (2)	(2)	-	-	-	-	(2)
<b>September 30, 2018</b>	<u>(145,204)</u>	<u>(368,026)</u>	<u>(18,163)</u>	<u>(18,988)</u>	<u>(63,148)</u>	<u>(613,529)</u>
<b>Net residual value:</b>						
September 30, 2018	72,796	1,271,785	248	7,023	120,581	1,472,433
March 31, 2018	70,982	1,250,650	2,935	10,405	129,767	1,464,739

(1) Refers to the final adjustments in the allocation of the acquisition price of Santa Candida and Paraíso plants, see Note 27.i.

(2) Relates to the transfers between classes of property, plant and equipment and of intangible assets.

#### b) Consolidated

	Software license	Goodwill	Agricultural partnership agreements	Sugarcane supply agreements	Public concession rights of use	Technology	Other	Total
<b>Cost or evaluation:</b>								
<b>March 31, 2018</b>	222,948	1,943,765	18,411	181,516	12,541	183,729	24,756	2,587,666
Additions	10	-	-	-	-	-	-	10
Business combination (1)	3	45,761	-	-	-	-	-	45,764
Transfers (2)	15,883	-	-	-	-	-	-	15,883
Other	-	-	-	-	-	-	1,609	1,609
<b>September 30, 2018</b>	<u>238,844</u>	<u>1,989,526</u>	<u>18,411</u>	<u>181,516</u>	<u>12,541</u>	<u>183,729</u>	<u>26,365</u>	<u>2,650,932</u>
<b>Accumulated amortization:</b>								
<b>March 31, 2018</b>	(151,410)	(431,380)	(15,476)	(91,195)	(12,195)	(53,963)	(21,206)	(776,825)
Amortization expense in the period	(14,119)	-	(2,687)	(9,554)	(346)	(9,187)	-	(35,893)
Transfers (2)	(5)	-	-	-	-	-	-	(5)
<b>September 30, 2018</b>	<u>(165,534)</u>	<u>(431,380)</u>	<u>(18,163)</u>	<u>(100,749)</u>	<u>(12,541)</u>	<u>(63,150)</u>	<u>(21,206)</u>	<u>(812,723)</u>
<b>Net residual value:</b>								
September 30, 2018	73,310	1,558,146	248	80,767	-	120,579	5,159	1,838,209
March 31, 2018	71,538	1,512,385	2,935	90,321	346	129,766	3,550	1,810,841

(1) Refers to: i) Final adjustments in the allocation of the acquisition price of Santa Candida and Paraíso plants, see Note 27.i; ii) Acquisition of RWXE in the amount of R\$ 24,629, see Note 27.ii.

(2) Relates to the transfers between classes of property, plant and equipment and of intangible assets.



## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

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#### 13. Suppliers

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>09/30/2018</b>	<b>03/31/2018</b>	<b>09/30/2018</b>	<b>03/31/2018</b>
Materials and services	318,946	419,437	1,399,201	998,682
Sugarcane	770,099	155,140	944,216	196,393
Suppliers - agreement	122,828	102,726	1,097,102	806,798
	<u>1,211,873</u>	<u>677,303</u>	<u>3,440,519</u>	<u>2,001,873</u>
Domestic (domestic currency)	1,209,144	676,570	1,971,410	903,780
Abroad (foreign currency) (Note 24.d)	2,729	733	1,469,109	1,098,093
	<u>1,211,873</u>	<u>677,303</u>	<u>3,440,519</u>	<u>2,001,873</u>

The suppliers' characteristics are the same as those disclosed in the annual financial statements of March 31, 2018, no change has occurred in the recognition procedures, measurement and accounting records, as well as significant changes in credit risk of counterparties involved in balances.

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### 14. Loans and financing

Description	Final maturity	Index	Financial charges		Parent company		Consolidated	
			Annual effective average interest rate		09/30/2018	03/31/2018	09/30/2018	03/31/2018
			09/30/2018	03/31/2018				
<b>Classification of debts per currency:</b>								
Denominated in Reais					5,356,634	5,115,058	6,773,250	6,798,773
Denominated in US Dollar and Euro (Note 24.d)					1,936,595	-	6,793,625	4,045,946
					<u>7,293,229</u>	<u>5,115,058</u>	<u>13,566,875</u>	<u>10,844,719</u>
<b>Type of debts (1):</b>								
BNDES	Oct 2025	URTJLP	8.86%	9.28%	61,682	147,552	449,163	743,555
BNDES	Jul 2024	Pre-fixed	3.98%	3.94%	396,236	430,773	666,476	742,341
BNDES	Apr 2024	UMBND	6.68%	6.79%	13,693	12,688	40,560	45,589
Debentures	Oct 2018	CDI	7.38%	7.38%	406,087	406,691	406,087	406,691
Debentures	Oct 2020	IPCA + interest	10.95%	10.17%	436,825	413,677	436,825	413,677
PPE	Aug 2025	Dollar (US\$) + <i>Libor</i>	3.62%	3.56%	1,131,479	-	1,326,600	167,930
Term Loan Agreement	Apr 2020	Dollar (US\$) + <i>Libor</i>	3.57%	3.49%	-	-	1,817,556	1,496,434
Senior Notes Due 2027 ("Senior 2027") (2)	Jan 2027	Dollar (USA)	5.30%	5.30%	-	-	2,062,472	1,699,276
Resolution 2471 (PESA)	Apr 2023	IJP-M	14.09%	8.67%	949,535	947,779	979,114	975,224
PESA	Oct 2025	Pre-fixed	3.00%	3.00%	61	61	61	61
Credit Notes	Oct 2020	CDI	6.85%	6.85%	257,068	257,355	257,068	257,355
Finame/Leasing	Jan 2025	Pre-fixed	6.57%	6.73%	55,764	68,504	85,819	102,392
Finame/Leasing	Mar 2021	URTJLP	9.81%	10.02%	111	133	111	133
Rural credit	Apr 2020	Pre-fixed	6.05%	-	359,551	-	359,551	-
Certificate of Agribusiness Receivables (CRA)	Apr 2023	CDI	6.29%	6.29%	2,055,440	2,054,205	2,506,470	2,508,072
CRA	Apr 2024	IPCA + interest	10.02%	9.23%	364,581	375,640	585,946	603,685
Advance on currency exchange contracts	Mar 2019	Dollar (US\$)	3.14%	-	805,116	-	805,116	-
Schuldschein	Oct 2021	Fixed - EUR	2.88%	2.88%	-	-	315,663	273,159
Schuldschein	Sep 2022	Euribor	1.86%	1.85%	-	-	466,217	409,145
					<u>7,293,229</u>	<u>5,115,058</u>	<u>13,566,875</u>	<u>10,844,719</u>
<b>Expenses incurred with the placement of the securities:</b>								
BNDES					(1,932)	(2,124)	(2,941)	(3,278)
CRA					(17,070)	(29,729)	(17,070)	(38,989)
Debentures					(718)	(1,266)	(718)	(1,266)
PPE					-	(39)	(194)	(1,317)
Term Loan Agreement					-	-	(722)	(7,155)
Senior Notes Due 2027					-	-	(1,618)	(2,035)
Schuldschein					-	-	-	(11,083)
					<u>(19,720)</u>	<u>(33,158)</u>	<u>(23,263)</u>	<u>(65,123)</u>
Current					<u>7,273,509</u>	<u>5,081,900</u>	<u>13,543,612</u>	<u>10,779,596</u>
Non-current					<u>(2,132,367)</u>	<u>(1,223,870)</u>	<u>(2,343,028)</u>	<u>(1,504,014)</u>
					<u>5,141,142</u>	<u>3,858,030</u>	<u>11,200,584</u>	<u>9,275,582</u>

- (1) Loans and financing are usually secured by Company's promissory notes. In certain cases, they also have collaterals from its subsidiaries and Raizen Combustíveis S.A., in addition to real guarantees such as: i) credit rights deriving from contracts for energy trading (BNDES); ii) CTN (note 8) and mortgage of land (PESA); iii) fixed assets (Note 11); and iv) financed assets pledged in guarantee (Finame).
- (2) As of September 30, 2018, said debts were increased by (R\$ 39,894) (R\$ 20,253 as of March 31, 2018), resulting from fair value appraisal.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

Installments falling due in the long term, less the amortizations of expenses incurred with the placement of securities, have the following schedule:

Months:	09/30/2018	
	Parent	Consolidate
13–24	1,466,379	3,447,804
25–36	1,369,782	1,699,983
37–48	141,701	1,488,558
49–60	1,005,118	1,325,530
61–72	816,490	849,573
73–84	329,859	334,574
85–96	2,646	3,622
>97	9,167	2,050,940
	<u>5,141,142</u>	<u>11,200,584</u>

#### a) Advance on exchange contract ("ACC")

Engagement	Bank	Purpose	Interest rate	Maturity	Amount	
					R\$	US\$
05/30/2018	BNP Paribas Brasil S.A.	Export of goods	3.07% p.a. + US Dollar	Nov 2018	186,310	50,000
07/19/2018	Banco Santander Brasil S.A.	Export of goods	3.04% p.a. + US Dollar	Jan 2019	192,955	50,000
08/24/2018	BNP Paribas Brasil S.A.	Export of goods	3.22% p.a. + US Dollar	Feb 2019	285,166	70,000
09/17/2018	Banco do Brasil S.A.	Export of goods	3.27% p.a. + US Dollar	Mar 2019	125,961	30,000

#### b) Rural credit

On April 18, 2018, the Parent Company entered into several agricultural credit agreements in the amount of R\$ 350,000 with Banco Bradesco S.A. for use in soil preparation, planting and crop treatments. Interest of 6.05% p.a., with maturity as of April 2020, is levied on contracts.

#### c) PPE

On August 24 and 29, 2018, the Parent Company contracted new loans in the amount of R\$ 613,378 and R\$ 515,675, equivalent to US\$ 150,000 thousand and US\$ 125,000 thousand, respectively. Export prepayments – PPEs bear quarterly Libor interest plus annual interest of 1.25% and 1.10%, resulting in effective average interest rate of 3.56% and 3.41% p.a., both with final maturity on August 22, 2024 and August 27, 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”, which are being fully complied with by the Company.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

#### Revolving Credit Facility

Through of the union the Term Loan Agreement, the company has obtained a revolving credit facility of USD 285,000, also due in April 27, 2020. Up to the end of six-month period ended September 30, 2018, such line did not have been used.

#### Fair value

On September 30, 2018, book value and fair value of loans are as follows:

Description	Classification	Book value		Fair value		Parent company Financial results (2)	
		09/30/2018	03/31/2018	09/30/2018	03/31/2018	09/30/2018	09/30/2018
		PPE	Amortized cost	27,376	(39)	27,376	(39)
PPE	Fair value through profit or loss	1,104,103	-	1,130,793	-	(26,690)	-
CRA	Amortized cost	2,019,914	2,400,116	2,019,914	2,400,116	-	-
CRA	Fair value through profit or loss	383,037	-	364,582	-	18,455	-
		<b>3,534,430</b>	<b>2,400,077</b>	<b>3,542,665</b>	<b>2,400,077</b>	<b>(8,235)</b>	<b>-</b>

Description	Classification	Book value		Fair value		Consolidated Financial results (2)	
		09/30/2018	03/31/2018	09/30/2018	03/31/2018	09/30/2018	09/30/2018
		Senior 2027 (1)	Amortized cost	1,555,176	1,487,320	1,555,176	1,487,320
Senior 2027 (1)	Fair value through profit or loss	505,678	209,921	545,572	230,174	(19,641)	(25,310)
PPE	Amortized cost	18,998	166,613	18,998	166,613	-	-
PPE	Fair value through profit or loss	1,307,408	-	1,335,714	-	(28,306)	-
CRA	Amortized cost	2,458,674	3,072,768	2,458,674	3,072,768	-	-
CRA	Fair value through profit or loss	616,672	-	585,946	-	30,726	-
Term Loan Agreement	Amortized cost	891,621	1,489,279	891,621	1,489,279	-	-
Term Loan Agreement	Fair value through profit or loss	925,213	-	930,871	-	(5,658)	-
		<b>8,279,440</b>	<b>6,425,901</b>	<b>8,322,572</b>	<b>6,446,154</b>	<b>(22,879)</b>	<b>(25,310)</b>

(1) The fair value of Senior 2027 is based on the price quotation on the secondary market. On September 30, 2018, face value is 94.24% (101.23% on March 31, 2018).

(2) Refers to the impact of fair value on financial income, as shown in Note 23.

The amount of such debts after fair value in consolidated totals R\$ 3,398,103 (R\$ 230,174 as of March 31, 2018) (Note 24.i).

Other loans and financing do not have a value quoted, but the 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 which may be accrued by comparing securities quoted and aforementioned.

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### 15. Income and social contribution taxes

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

	<b>Parent company</b>			
	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Apr-Sep/2017</u>
<b>(Loss) income before income and social contribution taxes</b>	(202,604)	(304,381)	465,959	86,880
Income tax and social contribution at nominal rate (34%)	68,885	103,490	(158,426)	(29,539)
<b>Adjustments for calculation of effective rate:</b>				
Special regime for the reintegration of tax amounts ("Reintegra")	397	3,788	9,983	18,522
Exchange variation on investees abroad	3,395	18,256	(790)	(315)
Gifts, donations, class association	(263)	(537)	759	500
Taxation at universal basis related to investments abroad	5,078	(1,991)	(3,757)	(10,124)
Equity accounting results	46,057	107,098	77,079	129,771
Other	(306)	(960)	23	(1,081)
<b>Income (expense) on income and social contribution taxes (current and deferred)</b>	<u>123,243</u>	<u>229,144</u>	<u>(75,129)</u>	<u>107,734</u>
Effective rate	60.83%	75.28%	16.12%	-124.00%
	<b>Consolidated</b>			
	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Apr-Sep/2017</u>
<b>(Loss) income before income and social contribution taxes</b>	(163,883)	(227,427)	539,973	200,131
Income tax and social contribution at nominal rate (34%)	55,719	77,324	(183,591)	(68,045)
<b>Adjustments for calculation of effective rate:</b>				
Difference between deemed income and taxable income rates	22,678	31,230	29,801	41,884
Special regime for the reintegration of tax amounts - ("Reintegra")	240	3,825	10,387	19,496
Investment grants - ICMS	1,823	3,412	976	1,315
Exchange variation on investees abroad	3,396	18,257	(4,409)	(658)
Equity indemnity	-	-	510	4,142
Inventories' shortages and differences	(587)	(1,321)	(1,215)	(2,613)
Taxation at universal basis related to investments abroad	6,433	(12)	(805)	511
Equity accounting results	(2,505)	(2,981)	(132)	(3,702)
Credit with claims for damages	-	25,638	-	-
Other	5,196	4,673	(665)	2,153
<b>Income (expense) on income and social contribution taxes (current and deferred)</b>	<u>92,393</u>	<u>160,045</u>	<u>(149,143)</u>	<u>(5,517)</u>
Effective rate	56.38%	70.37%	27.62%	2.76%

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### a.1) Recoverable income and social contribution taxes

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
Taxes on income ("IRPJ")	593,255	629,331	645,331	674,506
Social contribution (CSLL)	205,967	200,781	218,750	210,859
	799,222	830,112	864,081	885,365
Current	(523,710)	(554,599)	(563,151)	(584,435)
Non-current	275,512	275,513	300,930	300,930

### a.2) Income and social contribution taxes payable

	Consolidated	
	09/30/2018	03/31/2018
IRPJ	15,577	66,488
CSLL	5,229	23,627
	20,806	90,115

### b) Deferred income and social contribution taxes in assets and liabilities:

#### b.1) Parent company

	09/30/2018			03/31/2018
	Base	IRPJ 25%	CSLL 9%	Total
<b>Non-current assets (liabilities)</b>				
<b>Tax losses</b>				
Tax losses	1,647,644	411,911	-	411,911
Negative basis for social contribution	1,654,789	-	148,931	148,931
<b>Temporary differences:</b>				
Provision for legal disputes	555,647	138,912	50,008	188,920
Exchange variation on the cash basis	751,882	187,971	67,669	255,640
Estimated loss for realization of assets	268,394	67,099	24,155	91,254
Remuneration and employee benefits	99,456	24,864	8,951	33,815
Sundry provisions and other temporary differences	356,221	89,055	32,060	121,115
Total deferred tax assets		919,812	331,774	1,251,586
Biological assets	(75,106)	(18,776)	(6,760)	(25,536)
Cost of capitalized loans	(125,747)	(31,437)	(11,317)	(42,754)
Result unrealized with derivatives	(260,724)	(65,181)	(23,465)	(88,646)
Fixed assets' useful life review	(865,462)	(216,365)	(77,892)	(294,257)
Fair value of financial liabilities	(1,015)	(254)	(91)	(345)
Amortized tax goodwill	(682,715)	(170,679)	(61,444)	(232,123)
Total deferred tax liabilities		(502,692)	(180,969)	(683,661)
<b>Total deferred assets - Assets, net</b>		417,120	150,805	567,925

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### b.2) Consolidated

	09/30/2018			03/31/2018	
	Base	IRPJ 25%	CSLL 9%	Total	
<b>Non-current assets (liabilities)</b>					
<b>Tax losses</b>					
Tax losses	1,788,956	447,239	-	447,239	276,257
Negative basis for social contribution	1,796,100	-	161,649	161,649	99,452
<b>Temporary differences:</b>					
Provision for legal disputes	629,935	157,484	56,694	214,178	190,793
Exchange variation on the cash basis	765,468	191,367	68,892	260,259	163,672
Provision on write-off of goodwill	166,656	41,664	14,999	56,663	56,663
Estimated loss for realization of assets	344,212	86,053	30,979	117,032	111,784
Remuneration and employee benefits	107,197	26,800	9,647	36,447	80,287
Sundry provisions and other temporary differences	456,088	114,022	41,048	155,070	87,279
Total deferred tax assets		1,064,629	383,908	1,448,537	1,066,187
Biological assets	(143,026)	(35,757)	(12,872)	(48,629)	(123,098)
Cost of capitalized loans	(241,132)	(60,283)	(21,702)	(81,985)	(83,112)
Result unrealized with derivatives	(290,165)	(72,541)	(26,115)	(98,656)	(108,111)
Fixed assets' useful life review	(1,686,962)	(421,740)	(151,827)	(573,567)	(512,633)
Fair value of the fixed asset	(244,768)	(61,192)	(22,029)	(83,221)	(86,442)
Fair value of the financial liabilities	(11,668)	(2,917)	(1,050)	(3,967)	-
Amortized tax goodwill	(858,497)	(214,624)	(77,265)	(291,889)	(287,787)
Total deferred tax liabilities		(869,054)	(312,860)	(1,181,914)	(1,201,183)
<b>Total deferred taxes</b>		195,575	71,048	266,623	(134,996)
<b>Deferred taxes - Assets, net</b>				502,161	82,766
<b>Deferred taxes - Liabilities, net</b>				(235,538)	(217,762)
<b>Total deferred taxes</b>				266,623	(134,996)

### b.3) Net movement in deferred taxes:

	Apr-Sep/2018	
	Parent company	Consolidated
Balance at the beginning of the period	145,350	(134,996)
Income in profit or loss	229,144	205,927
Deferred taxes on other comprehensive income	193,422	193,422
First-time adoption of IFRS 9 / CPC 48 (Note 2.3.d)	9	58
Other	-	2,212
Balance at end of the period	567,925	266,623

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

#### 16. Provision for legal disputes and judicial deposits

##### Breakdown of legal disputes considered as probable loss

As of September 30 and March 31, 2018, the balances of lawsuits are as follows:

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
Tax	73,996	44,860	83,268	53,523
Civil	29,159	27,581	39,935	33,096
Labor	204,083	191,937	276,301	253,887
	<u>307,238</u>	<u>264,378</u>	<u>399,504</u>	<u>340,506</u>
Non-reimbursable legal disputes	141,910	117,609	207,099	165,170
Reimbursable legal disputes (Note 9.c)	165,328	146,769	192,405	175,336

When Raízen was setup it was agreed that Cosan would reimburse the Company for legal disputes that were ongoing before its formation, thus, Company should reimburse Cosan regarding the judicial deposits made on the date before its formation. As of September 30 and March 31, 2018, balances of judicial deposits are as follows:

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
Tax	162,882	150,307	279,281	265,036
Civil	8,057	8,569	8,299	9,104
Labor	63,789	57,437	82,691	75,446
	<u>234,728</u>	<u>216,313</u>	<u>370,271</u>	<u>349,586</u>
Own judicial deposits	108,492	94,877	132,637	117,721
Refundable judicial deposits (note 9.c)	126,236	121,436	237,634	231,865

#### i) Non-reimbursable legal disputes

	Parent company			Total
	Tax	Civil	Labor	
<b>March 31, 2018</b>	8,893	4,460	104,256	117,609
Provision in the period	1,030	1,492	41,626	44,148
Write-offs/reversals (i)	-	(318)	(21,549)	(21,867)
Payments	(706)	(107)	(11,871)	(12,684)
Monetary restatement (ii)	5	1,154	13,545	14,704
<b>September 30, 2018</b>	<u>9,222</u>	<u>6,681</u>	<u>126,007</u>	<u>141,910</u>

- (i) Includes the reversal of monetary restatement in the amount of (R\$ 8,993), calculated at the income (loss) for the period under "Financial income" caption.  
(ii) Recognized in the income (loss) for the period as financial income (loss).



# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

				Consolidated
	Tax	Civil	Labor	Total
<b>March 31, 2018</b>	16,103	5,712	143,355	165,170
Provision in the period	1,480	3,848	59,300	64,628
Write-offs/reversals (i)	-	(372)	(28,994)	(29,366)
Payments	(706)	(107)	(14,921)	(15,734)
Monetary restatement (ii)	74	3,726	18,601	22,401
<b>September 30, 2018</b>	<u>16,951</u>	<u>12,807</u>	<u>177,341</u>	<u>207,099</u>

(i) Includes the reversal of monetary restatement in the amount of (R\$ 11,429), calculated at the income (loss) for the period under "Financial income" caption.

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

### ii) Reimbursable legal disputes (i)

				Parent company
	Tax	Civil	Labor	Total
<b>March 31, 2018</b>	35,967	23,121	87,681	146,769
Provisioned in the period	5,162	1,096	13,300	19,558
Write-offs / reversals (ii)	(29)	(1,557)	(20,050)	(21,636)
Payments	-	(1,480)	(11,096)	(12,576)
Monetary restatement	23,674	1,298	8,241	33,213
<b>September 30, 2018</b>	<u>64,774</u>	<u>22,478</u>	<u>78,076</u>	<u>165,328</u>

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

(ii) Includes the reversal of monetary restatement in the amount of (R\$ 13,168).

				Consolidated
	Tax	Civil	Labor	Total
<b>March 31, 2018</b>	37,420	27,384	110,532	175,336
Provisioned in the period	5,207	1,163	14,595	20,965
Write-offs / reversals (ii)	(29)	(1,557)	(23,777)	(25,363)
Payments	-	(1,480)	(11,803)	(13,283)
Monetary restatement	23,719	1,618	9,413	34,750
<b>September 30, 2018</b>	<u>66,317</u>	<u>27,128</u>	<u>98,960</u>	<u>192,405</u>

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

(ii) Includes the reversal of monetary restatement in the amount of (R\$ 14,856).

### (iii) Total legal disputes

				Parent company
	Tax	Civil	Labor	Total
<b>March 31, 2018</b>	44,860	27,581	191,937	264,378
Provisioned in the period	6,192	2,588	54,926	63,706
Write-offs/reversals	(29)	(1,875)	(41,599)	(43,503)
Payments	(706)	(1,587)	(22,967)	(25,260)
Monetary restatement	23,679	2,452	21,786	47,917
<b>September 30, 2018</b>	<u>73,996</u>	<u>29,159</u>	<u>204,083</u>	<u>307,238</u>

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

				Consolidated
	Tax	Civil	Labor	Total
<b>March 31, 2018</b>	53,523	33,096	253,887	340,506
Provisioned in the period	6,687	5,011	73,895	85,593
Write-offs/reversals	(29)	(1,929)	(52,771)	(54,729)
Payments	(706)	(1,587)	(26,724)	(29,017)
Monetary restatement	23,793	5,344	28,014	57,151
<b>September 30, 2018</b>	<b>83,268</b>	<b>39,935</b>	<b>276,301</b>	<b>399,504</b>

#### a) Tax

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
Social Security Charges ("INSS")	9	-	1,628	1,608
Value-added tax on sales and services (ICMS)	28,145	27,525	32,395	31,702
Excise tax ("IPI") (i)	28,897	854	29,180	1,137
Lawyers' fees	9,032	8,707	12,017	11,243
Other	7,913	7,774	8,048	7,833
	<b>73,996</b>	<b>44,860</b>	<b>83,268</b>	<b>53,523</b>
Non-reimbursable legal disputes	9,223	8,893	16,952	16,100
Reimbursable legal disputes	64,773	35,967	66,316	37,423

#### (i) IPI

In the six-month period ended September 30, 2018, the Company recognized a notice of tax infraction in the amount of R\$ 24,835, previous considered as Possible, for the period from November 1992 to December 1995, referring to "IPI Seletividade," a matter recently judged by the Federal Supreme Court ("STF") using the General Repercussion systematic process (RE n° 592.145, tema 080) in an unfavorable way to the corporate taxpayer.

#### b) Civil and labor

The Company and its subsidiaries are parties to several civil lawsuits relating to (i) indemnification for material and pain and suffering, (ii) disputes on contracts, (iii) executions, (iv) collection, (v) rendering of accounts, (vi) possessory and (vii) public civil lawsuits related environment.

The Company and its subsidiaries are also parties to various labor lawsuits filed 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.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

**The following legal disputes were considered as possible loss and, thus, no provision for lawsuits demands has been recognized in the financial statements**

#### a) Tax

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
ICMS	1,719,709	1,679,209	2,086,004	2,029,314
INSS	501,537	484,548	509,394	491,903
IPI	319,859	390,135	356,101	426,081
Income tax and Social Contribution taxes (IRPJ and CSLL) (i)	661,981	839,096	829,248	1,002,904
PIS and COFINS	1,319,164	1,298,744	1,384,372	1,343,360
Offsets with IPI credit - IN 67/98	113,028	112,025	134,076	132,869
MP 470 - Installment payment of debt	184,057	181,541	184,057	181,541
Other	342,796	339,384	410,861	402,747
	<u>5,162,131</u>	<u>5,324,682</u>	<u>5,894,113</u>	<u>6,010,719</u>
Non-reimbursable legal disputes	2,317,523	2,414,289	2,617,840	2,678,404
Reimbursable legal disputes	2,844,608	2,910,393	3,276,273	3,332,315

#### (i) Income tax and Social Contribution taxes (IRPJ and CSLL)

In the six-month period ended September 30, 2018, the Company reviewed the tax assessment notice relating to the amortization of goodwill deducted from the IRPJ and CSLL tax base for the calendar years 2013 to 2016 and concluded that there is no prediction in the tax legislation for the incidence of default interest on said fine, and therefore such a requirement is illegal. In this way, the amount of R\$ 191,943 had its classification changed from possible to remote.

#### b) Civil and labor

	Parent company		Consolidated	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018
Civil	446,277	430,153	714,808	707,395
Labor	273,877	349,447	339,239	422,651
	<u>720,154</u>	<u>779,600</u>	<u>1,054,047</u>	<u>1,130,046</u>
Non-reimbursable legal disputes	261,648	284,544	406,111	450,757
Reimbursable legal disputes	458,506	495,056	647,936	679,289

## 17. Commitments (Consolidated)

As mentioned in note 17 to financial statements of March 31, 2018, the Company has entered into commitments to purchase and lease agreements. During the six-month period ended September 30, 2018 no significant changes in those commitments occurred.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

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#### 18. Equity

##### a) Capital and capital reserve

As of September 30 and March 31, 2018, capital totals R\$ 6,516,354. That caption does not include the balance of redeemable preferred shares - liability financial instruments in the amount of R\$ 10,828 totaling R\$ 6,505,526.

Capital is fully subscribed for and paid in and is represented as follows:

	Shareholders (shares in units)			
	Shell	CIP Cosan Investimentos e Participações S.A("CIP")	Cosan S.A. Indústria e Comércio ("Cosan S.A.")	Total
Common	3,621,641,599	3,621,641,599	-	7,243,283,198
Class-A preferred shares	-	-	1	1
Class-B preferred shares	-	-	133,242,457	133,242,457
Class-D preferred shares	100,000	-	-	100,000
Total as of September 30 and March 31, 2018	<u>3,621,741,599</u>	<u>3,621,641,599</u>	<u>133,242,458</u>	<u>7,376,625,656</u>

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

#### b) Dividends

September 30, 2018

Company	Dividends	Year	Approval in Special Shareholders' Meeting and Annual and Special Shareholders' Meeting	Nature and type of share	Impact in equity	No impact in equity	Amounts paid	Recipient	Percentage	Payment date
RESA	Retained earnings	Mar 2018	06/20/2018	Common	330,200	-	330,200	Shell / CIP	50% each	06/28/2017
RESA	Minimum mandatory dividends	Mar 2018	07/31/2018	Common	-	5,241	5,241	Shell / CIP	50% each	08/28/2018
RESA	Retained earnings	Mar 2018	07/31/2018	Preferred B	-	10,355	10,355	CIP	100%	08/28/2018
RESA	Retained earnings	Mar 2018	07/31/2018	Preferred D	-	1,486	1,486	Shell	100%	08/28/2018
RESA	Retained earnings	Mar 2017	09/21/2018	Common	390,364	-	390,364	Shell / CIP	50% each	09/26/2018
RESA	Interim	Aug 2018	09/21/2018	Common	42,836	-	42,836	Shell / CIP	50% each	09/26/2018
					<u>763,400</u>	<u>17,082</u>	<u>780,482</u>			

#### c) Equity valuation adjustments

	03/31/2017	Comprehensive income	09/30/2017	03/31/2018	Comprehensive income	09/30/2018
Effect of foreign currency translation - CTA	4,038	(440)	3,598	273	(17,729)	(17,456)
Actuarial losses from defined benefit plans	(11,161)	-	(11,161)	(11,513)	-	(11,513)
Net (loss) gain on derivative financial instruments - hedge accounting	(36,351)	166,761	130,410	7,854	(375,466)	(367,612)
Total	<u>(43,474)</u>	<u>166,321</u>	<u>122,847</u>	<u>(3,386)</u>	<u>(393,195)</u>	<u>(396,581)</u>

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

#### d) Interest of non-controlling shareholders

Corresponds to non-controlling shareholders' interest of 26.59% on equity of subsidiary Unimodal Ltda., 15% on equity of subsidiary Biogás and 30% on equity of subsidiary RWXE.

#### e) Earnings (losses) per share

##### Basic and diluted:

	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Apr-Sep/2017</u>
<b>Numerator</b>				
Net income (loss) for the period	(79,361)	(75,237)	390,830	194,614
Loss available to preferred shareholders	(1,417)	(2,833)	(4,051)	(5,752)
Income (loss) available to common shareholders	<u>(80,778)</u>	<u>(78,070)</u>	<u>386,779</u>	<u>188,862</u>
<b>Denominator:</b>				
Weighted average of outstanding common shares (in thousands)	<u>7,243,283</u>	<u>7,243,283</u>	<u>7,243,283</u>	<u>7,243,283</u>
Basic and diluted (losses) earnings per common share (Reais per share)	<u>(0.011)</u>	<u>(0.011)</u>	<u>0.053</u>	<u>0.026</u>

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

## 19. Net operating revenue

	<b>Parent company</b>			
	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Apr-Sep/2017</u>
Gross revenue from sale of products and services	1,879,400	3,277,074	2,223,471	3,595,205
Sales taxes	(119,070)	(232,433)	(72,966)	(138,331)
Returns and cancellations	(2,585)	(4,619)	(9,262)	(13,650)
Commercial discounts	(216)	(438)	(757)	(813)
Net operating revenue	<u>1,757,529</u>	<u>3,039,584</u>	<u>2,140,486</u>	<u>3,442,411</u>
	<b>Consolidated</b>			
	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Apr-Sep/2017</u>
Gross revenue from sale of products and services	5,842,698	10,178,412	4,073,730	7,372,990
Sales taxes	(383,194)	(619,920)	(226,544)	(414,459)
Returns and cancellations	(2,797)	(6,345)	(1,581)	(6,611)
Commercial discounts	(4,652)	(8,536)	(5,678)	(6,079)
Net operating revenue	<u>5,452,055</u>	<u>9,543,611</u>	<u>3,839,927</u>	<u>6,945,841</u>

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

The net operating revenue is segregated between the following components:

	Parent company			
	Jul-Sep/2018	Apr-Sep/2018	Jul-Sep/2017	Apr-Sep/2017
Net revenue from sale of products and services	1,817,269	3,130,807	1,897,892	3,270,642
(Loss) income from financial instruments designated as hedge accounting	(18,150)	(51,286)	255,601	175,553
Results from commodity financial instruments not designated as hedge accounting	(41,590)	(39,937)	(13,007)	(3,784)
Net operating revenue	<u>1,757,529</u>	<u>3,039,584</u>	<u>2,140,486</u>	<u>3,442,411</u>
				<b>Consolidated</b>
	Jul-Sep/2018	Apr-Sep/2018	Jul-Sep/2017	Apr-Sep/2017
Net revenue from sale of products and services	5,505,931	9,628,971	3,597,333	6,774,072
Results from financial instruments designated as hedge accounting	(18,150)	(51,286)	255,601	175,553
Results from commodity financial instruments not designated as hedge accounting	(35,726)	(34,074)	(13,007)	(3,784)
Net operating revenue	<u>5,452,055</u>	<u>9,543,611</u>	<u>3,839,927</u>	<u>6,945,841</u>

## 20. Segment information

As mentioned in Note 20 to the annual financial statements of March 31, 2018, the Company defined the segment of ethanol, sugar and bioenergy ("EAB") as the only operational segment, in view of the strategic decision-making processes, in addition to assets that are equally used for the production of sugar, ethanol and bioenergy, and there is no separate disclosure of these assets. During the six-month period ended September 30, 2018 no significant changes in those commitments occurred.

The Company follows-up net operating revenue from trading of its products in the domestic and foreign markets, as follows:

	Consolidated			
	Jul-Sep/2018	Apr-Sep/2018	Jul-Sep/2017	Apr-Sep/2017
Foreign market	1,585,314	2,517,756	2,059,947	3,439,845
Domestic market	3,866,741	7,025,855	1,779,980	3,505,996
Total	<u>5,452,055</u>	<u>9,543,611</u>	<u>3,839,927</u>	<u>6,945,841</u>

Detailing of net operating revenue per product is as follows:

	Consolidated			
	Jul-Sep/2018	Apr-Sep/2018	Jul-Sep/2017	Apr-Sep/2017
Ethanol	2,055,707	3,680,033	1,729,109	3,343,807
Diesel (1)	1,042,232	2,164,922	50,463	81,309
Sugar	1,022,944	1,752,387	1,643,066	2,864,582
Energy (2)	1,181,989	1,485,928	364,848	563,525
Gasoline (1)	94,334	369,402	-	-
Other products and services	54,849	90,939	52,441	92,618
Total	<u>5,452,055</u>	<u>9,543,611</u>	<u>3,839,927</u>	<u>6,945,841</u>

(1) The increase in the sales of Diesel and Gasoline is mainly due to a higher volume of these products sold at Raizen Trading.

(2) The increase in the resale of electricity is mainly due to the increase in sales volume as a result of the acquisition of WX. For further details, see Note 27.ii.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

Percentage of net operating revenue per geographic area is as follows:

	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Consolidated Apr-Sep/2017</u>
Brazil	71.78%	74.06%	54.13%	54.22%
Asia	15.87%	16.77%	33.53%	33.97%
North America	9.08%	6.45%	9.80%	8.80%
Europe	3.14%	2.49%	2.29%	2.54%
Other (1)	0.13%	0.23%	0.25%	0.47%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(1) South America (except Brazil), Africa and Oceania.

During six-month periods ended September 30, 2018, main EAB clients, which individually represented 5% or more of the Company's total income, are as follows:

<u>Client</u>	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Consolidated Apr-Sep/2017</u>
Raízen Combustíveis S.A.	22.82%	26.65%	9.64%	14.74%
Petrobrás Distribuidora S.A	5.13%	9.72%	4.34%	4.26%
Raízen and Wilmar Sugar	7.74%	8.97%	23.48%	17.75%

## 21. Costs and expenses by nature

### Reconciliation of costs and expenses by nature

Costs and expenses are shown in the income (loss) by function. The reconciliation of results by nature for the six-month periods ended September 30, 2018 and 2017 is detailed as follows:

#### a) Costs and expenses by nature:

	<u>Jul-Sep/2018</u>	<u>Apr-Sep/2018</u>	<u>Jul-Sep/2017</u>	<u>Parent company Apr-Sep/2017</u>
Raw material	(552,755)	(1,068,799)	(567,683)	(1,042,530)
Fuels - resales	(48,627)	(87,899)	(46,970)	(74,585)
Depreciation and amortization	(447,882)	(745,064)	(435,590)	(777,760)
Personnel expenses	(222,876)	(378,313)	(239,239)	(423,425)
Cutting, loading and transportation (CCT)	(197,572)	(334,091)	(209,195)	(340,778)
Maintenance materials	(66,283)	(107,641)	(101,430)	(150,887)
Outsourced labor	(57,272)	(98,783)	(63,089)	(98,825)
Change in fair value of biological assets	(69,331)	(49,835)	153,431	50,363
Realization of fair value of biological assets	(68,745)	(137,425)	(227,211)	(407,467)
Rental and leases	(94,274)	(156,258)	(89,563)	(163,326)
Other expenses	(136,114)	(223,657)	(127,897)	(196,117)
	<u>(1,961,731)</u>	<u>(3,387,765)</u>	<u>(1,954,436)</u>	<u>(3,625,337)</u>



## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

	<b>Consolidated</b>			
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
Raw material (1)	(1,679,467)	(3,156,286)	(1,618,292)	(3,390,565)
Fuels - resales (2)	(1,137,380)	(2,538,808)	(51,875)	(81,997)
Depreciation and amortization	(574,587)	(972,418)	(571,112)	(1,031,761)
Personnel expenses	(312,792)	(546,467)	(311,721)	(576,562)
Cutting, loading and transportation (CCT)	(257,224)	(428,808)	(245,948)	(415,282)
Maintenance materials	(53,921)	(94,386)	(85,650)	(178,926)
Outsourced labor	(63,532)	(109,757)	(68,014)	(108,296)
Change in fair value of biological assets	(66,613)	(23,790)	182,214	55,269
Realization of fair value of biological assets	(95,723)	(195,235)	(257,662)	(462,451)
Rental and leases	(101,343)	(169,744)	(90,210)	(172,655)
Resale of energy (3)	(837,681)	(960,613)	(113,962)	(162,941)
Other expenses	(313,125)	(397,742)	(156,835)	(208,950)
	<u>(5,493,388)</u>	<u>(9,594,054)</u>	<u>(3,389,067)</u>	<u>(6,735,117)</u>

(1) It presents R\$ 10,787 (R\$ 10,468 as of September 30, 2017) regarding the ICMS tax incentive.

(2) The increase in the costs of resales of Diesel and Gasoline is mainly due to a higher volume of these products sold at Raízen Trading.

(3) The increase in the cost of resale of electricity is mainly due to the increase in sales volume as a result of the acquisition of WX. For further details, see Note 27.ii.

#### b) Classified as:

	<b>Parent company</b>			
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
Cost of products sold and services rendered	(1,638,199)	(2,804,571)	(1,604,603)	(3,040,119)
Selling expenses	(197,612)	(346,601)	(223,468)	(358,205)
General and administrative expenses	(125,920)	(236,593)	(126,365)	(227,013)
	<u>(1,961,731)</u>	<u>(3,387,765)</u>	<u>(1,954,436)</u>	<u>(3,625,337)</u>
				<b>Consolidated</b>
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
Cost of products sold and services rendered	(5,074,152)	(8,843,057)	(2,953,751)	(5,976,721)
Selling expenses	(255,646)	(440,598)	(274,894)	(461,309)
General and administrative expenses	(163,590)	(310,399)	(160,422)	(297,087)
	<u>(5,493,388)</u>	<u>(9,594,054)</u>	<u>(3,389,067)</u>	<u>(6,735,117)</u>

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

#### 22. Other operating income (expenses), net

	<b>Parent company</b>			
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
Income from sales of scrap and waste	2,492	4,701	2,311	4,065
Net (formation) reversal of estimated loss in fixed assets (Note 11)	(2,106)	(1,828)	4,232	7,698
Net recognition of extemporaneous tax credits	(2,319)	(2,316)	17,446	20,244
Results from the sale of property, plant and equipment	1,091	1,184	(1,878)	(4,227)
Results from commercial operations	(683)	(4,767)	(2,133)	(2,096)
Net formation of provision for legal disputes and contingencies	(11,278)	(22,147)	(13,125)	(24,089)
Other (1)	9,921	10,548	410	1,539
	<u>(2,882)</u>	<u>(14,625)</u>	<u>7,263</u>	<u>3,134</u>

- (1) On September 30, 2018, this refers substantially to the bonus revenue in the amount of R\$ 10,025 with Banco Santander, due to the migration of employee accounts.

	<b>Consolidated</b>			
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
Credits from indemnity suits (1)	-	75,406	-	-
Income from sales of scrap and waste	3,186	6,093	2,762	5,038
Net (formation) reversal of estimated loss in fixed assets (Note 11)	(2,295)	(1,923)	4,965	8,667
Recognition of extemporaneous tax credits, net (3)	768	972	27,489	31,534
Results from the sale of property, plant and equipment	503	183	(5,606)	(8,191)
Results from commercial operations	2,706	(217)	(2,134)	(2,096)
Net formation of provision for legal disputes and contingencies	(18,965)	(35,167)	(17,484)	(29,692)
Other (2)	11,527	12,685	1,971	13,560
	<u>(2,570)</u>	<u>58,032</u>	<u>11,963</u>	<u>18,820</u>

- (1) On September 30, 2018 composed of R\$ 75,406 relating to the recognition of Refundable credit from indemnity suits. For further details, see Note 8.
- (2) Refers mainly to: i) As of September 30, 2018, substantially comprised of income from bonus of R\$ 11,851 with Banco Santander 10 due to the migration of employees' accounts; ii) As of September 30, 2017, substantially comprised of R\$ 10 million due to provisions of reimbursement of the insurance company on losses of assets, related to the fire occurred on October 20, 2016 in the subsidiary Centroeste.
- (3) Refers mainly to the recovery of tax credits arising from the Company's activities, recognized in income (loss) for the six-month period as of September 30, 2017 and 2017.

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### 23. Financial results

	<b>Parent company</b>			
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
<b>Financial expenses</b>				
Interest	(148,178)	(291,372)	(159,908)	(287,786)
Monetary variation - liabilities	(34,080)	(80,913)	(12,292)	(36,013)
PIS and COFINS on financial income	(4,001)	(7,786)	(4,215)	(9,110)
Other	(9,581)	(21,214)	(2,076)	(4,388)
	<u>(195,840)</u>	<u>(401,285)</u>	<u>(178,491)</u>	<u>(337,297)</u>
Fair value of liability financial instruments (Note 14)	<u>(51,040)</u>	<u>(33,534)</u>	<u>(16,089)</u>	<u>(25,310)</u>
Less: amounts capitalized on qualifying assets (Note 11)	<u>5,306</u>	<u>11,975</u>	<u>4,092</u>	<u>8,901</u>
	<u>(241,574)</u>	<u>(422,844)</u>	<u>(190,488)</u>	<u>(353,706)</u>
<b>Financial income</b>				
Interest	51,135	95,854	59,741	112,268
Yields from financial investments	4,490	6,830	14,289	37,371
Monetary variation - assets	22,390	52,730	10,271	35,096
Other	-	-	1	161
	<u>78,015</u>	<u>155,414</u>	<u>84,302</u>	<u>184,896</u>
<u>Net exchange-rate change</u> <sup>(1)</sup>	<u>(34,570)</u>	<u>(140,447)</u>	<u>27,987</u>	<u>11,604</u>
<u>Net effect of the derivatives</u> <sup>(2)</sup>	<u>67,144</u>	<u>151,303</u>	<u>124,143</u>	<u>42,200</u>
	<u>(130,985)</u>	<u>(256,574)</u>	<u>45,944</u>	<u>(115,006)</u>
<b>Consolidated</b>				
	<b>Jul-Sep/2018</b>	<b>Apr-Sep/2018</b>	<b>Jul-Sep/2017</b>	<b>Apr-Sep/2017</b>
<b>Financial expenses</b>				
Interest	(194,186)	(376,115)	(196,890)	(383,291)
Monetary variation - liabilities	(39,006)	(94,159)	(13,299)	(42,492)
PIS and COFINS on financial income	(6,171)	(12,603)	(7,332)	(15,662)
Other	(10,086)	(51,709)	(5,677)	(11,189)
	<u>(249,449)</u>	<u>(534,586)</u>	<u>(223,198)</u>	<u>(452,634)</u>
Fair value of liability financial instruments (Note 14)	<u>(53,246)</u>	<u>(22,879)</u>	<u>(16,089)</u>	<u>(25,310)</u>
Less: amounts capitalized on qualifying assets (Note 11)	<u>6,676</u>	<u>16,576</u>	<u>7,241</u>	<u>16,604</u>
	<u>(296,019)</u>	<u>(540,889)</u>	<u>(232,046)</u>	<u>(461,340)</u>
<b>Financial income</b>				
Interest	103,920	216,162	101,497	193,975
Yields from financial investments	16,829	44,864	54,050	142,114
Monetary variation - assets	22,913	53,928	10,541	36,082
Other	-	-	-	162
	<u>143,662</u>	<u>314,954</u>	<u>166,088</u>	<u>372,333</u>
<u>Net exchange-rate change</u> <sup>(1)</sup>	<u>(44,947)</u>	<u>(186,413)</u>	<u>23,241</u>	<u>9,450</u>

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

	Consolidated			
	Jul-Sep/2018	Apr-Sep/2018	Jul-Sep/2017	Apr-Sep/2017
Net effect of the derivatives <sup>(2)</sup>	84,689	186,099	120,253	61,026
	(112,615)	(226,249)	77,536	(18,531)

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

(2) Includes realized and unrealized income (loss) with futures, options, swaps and NDFs and other derivatives.

## 24. 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:

- price risk
- foreign exchange rate risk
- interest 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 how risk management must be performed. The Company has two main committees to monitor activities and ensure policy compliance: (i) A risk committee whose members gather weekly to analyze the behavior of commodity (specially sugar and oil by-products) and foreign exchange markets and decide on coverage positions and the strategy to fix the prices of exports and imports to reduce the negative effects of changes in prices and foreign exchange rate; (credit); (ii) Committee on ethanol, which meets on a monthly basis to evaluate risks related to trading of ethanol and adequacy to limits defined in risk policies, as well as to follow up the liquidity risks and counterparty; (iii) Committee on electric energy, which meets on a weekly basis to evaluate risks related to trading of energy and adequacy to limits defined in risk policies.

The Company and its subsidiaries are exposed to market risks, and main ones are: (i) fluctuations in sugar, electric power, by-products and ethanol prices; (ii) fluctuations in foreign 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.

As of September 30 and March 31, 2018, the fair values of transactions with derivative financial instruments for hedging and other purposes were measured at fair value determined according to observable data, such as prices quoted in active markets or discounted cash flows according to market curves and are presented below:

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

	Parent company				Consolidated			
	Notional		Fair value		Notional		Fair value	
	09/30/2018	03/31/2018	09/30/2018	03/31/2018	09/30/2018	03/31/2018	09/30/2018	03/31/2018
<u>Price risk</u>								
Commodity derivatives								
Futures and options contracts	2,371,218	2,265,203	(62,302)	87,568	1,178,128	1,616,943	(46,970)	92,393
	2,371,218	2,265,203	(62,302)	87,568	1,178,128	1,616,943	(46,970)	92,393
<u>Foreign exchange rate risk</u>								
Foreign exchange rate derivatives								
Futures contracts	(324,317)	(67,307)	1,789	(1,613)	(324,317)	(67,307)	1,789	(1,613)
Forward contracts	3,917,324	3,441,898	31,794	(28,052)	3,917,324	3,441,898	31,794	(28,052)
FX swap	(1,349,872)	(51,254)	160,967	120,876	(1,605,671)	(248,793)	171,289	91,934
	2,243,135	3,323,337	194,550	91,211	1,987,336	3,125,798	204,872	62,269
<u>Interest rate risk</u>								
Interest derivatives								
	(338,162)	(338,162)	56,132	61,140	(553,019)	(553,019)	76,278	90,066
	(338,162)	(338,162)	56,132	61,140	(553,019)	(553,019)	76,278	90,066
Total			188,380	239,919			234,180	244,728
Current assets			399,189	169,317			1,729,642	243,538
Non-current assets			524,155	213,614			680,776	242,541
Total assets			923,344	382,931			2,410,418	486,079
Current liabilities			(440,757)	(111,414)			(1,755,353)	(181,648)
Non-current liabilities			(294,207)	(31,598)			(420,885)	(59,703)
Total liabilities			(734,964)	(143,012)			(2,176,238)	(241,351)

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### c) Price risk

Price risks result from the possibility of fluctuations in the market prices of the products sold by the Company and its subsidiaries, mainly VHP sugar (sugar #11), refined sugar (sugar #5 or *white sugar*), ethanol, electric power and oil by-products. These price fluctuations may cause substantial alterations in the sales income of the Company. To mitigate these risks, the Company permanently monitors markets, seeking to anticipate price changes. In the table below we show the positions of derivative financial instruments to cover the risk of fluctuations in commodity prices, outstanding as of September 30, 2018:

Consolidated							
Price risk: commodity derivatives, outstanding as of September 30, 2018							
Derivatives	Purchased / Sold	Market	Contract	Maturity	Notional (units)	Notional (R\$ thousand)	Fair value (R\$ thousand)
Future	Sold	NYSE LIFFE	Sugar#5	Oct/18–Jul/19	12,599 t	362,988	101
Future	Sold	ICE	Sugar#11	Feb/19–Feb/20	2,040,276 t	2,252,767	213,163
Options	Sold	ICE	Sugar#11	Oct/18–Sep/19	505 t	18	(15,684)
Sub-total sugar future sold					2,053,380 t	2,615,773	197,580
Future	Purchased	NYSE LIFFE	Sugar#5	Oct/18–Jul/19	(12,142) t	(349,488)	(76)
Future	Purchased	ICE	Sugar#11	Feb/19–Sep/19	(1,399,606) t	(1,482,505)	(96,136)
Options	Purchased	ICE	Sugar#11	Oct/18–Dec/18	(479) t	(16)	22,434
Sub-total sugar future bought					(1,412,227) t	(1,832,009)	(73,778)
Subtotal sugar future					641,153 t	783,764	123,802
Future	Sold	B3	Ethanol	Oct/18–Nov/18	4 m <sup>3</sup>	6	(3)
Future	Sold	CHGOETHNL	Ethanol	Oct/18–May/19	983,015 m <sup>3</sup>	1,548,788	(76,389)
Future	Sold	NYMEX	Ethanol	Oct/18–Sep/19	155,000 m <sup>3</sup>	293,907	(8,991)
Options	Sold	CHGOETHNL	Ethanol	Dec 2018	3,180 m <sup>3</sup>	319	(475)
Options	Sold	OTC	Ethanol	Dec/18–Mar/19	194,225 m <sup>3</sup>	21,735	7,031
Sub-total ethanol future sold					1,335,424 m <sup>3</sup>	1,864,755	(78,827)
Future	Purchased	B3	Ethanol	Oct/18–Feb/19	(10) m <sup>3</sup>	(17)	82
Future	Purchased	CHGOETHNL	Ethanol	Oct/18–May/19	(1,152,178) m <sup>3</sup>	(1,787,154)	61,133
Future	Purchased	NYMEX	Ethanol	Oct/18–Sep/19	(138,000) m <sup>3</sup>	(260,530)	10,165
Options	Purchased	CHGOETHNL	Ethanol	Oct/18–Feb/19	(16,694) m <sup>3</sup>	(4,532)	2,201
Options	Purchased	OTC	Ethanol	Oct/18–Sep/19	(168,133) m <sup>3</sup>	(14,334)	(8,344)
Sub-total ethanol future bought					(1,475,015) m <sup>3</sup>	(2,066,567)	65,237
<i>Physical fixed</i>	Sold	CHGOETHNL	Ethanol	Jul/18–Mar/19	879,559 m <sup>3</sup>	1,782,760	6,778
Sub-total physical fixed ethanol sold					879,559 m <sup>3</sup>	1,782,760	6,778
<i>Physical fixed</i>	Purchased	CHGOETHNL	Ethanol	Oct/18–Sep/19	(1,569,450) m <sup>3</sup>	(2,752,016)	5,087
Sub-total physical fixed ethanol bought					(1,569,450) m <sup>3</sup>	(2,752,016)	5,087
Sub-total ethanol future					(829,482)	(1,171,068)	(1,725)
Future	Sold	NYMEX	Gasoline	Oct/18–Jun/19	742,913 m <sup>3</sup>	1,603,704	(157,393)
Future	Sold	OTC	Gasoline	Oct/18	129,000 m <sup>3</sup>	315,560	(62,145)
Option	Sold	OTC	Gasoline	Oct/18–Mar/20	702 m <sup>3</sup>	2,812	13,228
Subtotal future gasoline sold					872,615	1,922,076	(206,310)
Future	Purchased	NYMEX	Gasoline	Oct/18	(143,137) m <sup>3</sup>	(357,535)	19,371
Subtotal future gasoline bought					(143,137)	(357,535)	19,371
Subtotal future gasoline					729,478	1,564,541	(186,939)
Physical fixed	Sold	CCEE	Energy	Oct/18–Dec/21	(4,751) mwh	508	1,179,232
Sub-total physical fixed electric power sold					(4,751) mwh	508	1,179,232

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

							Consolidated	
Price risk: commodity derivatives, outstanding as of September 30, 2018								
Derivatives	Purchased / Sold	Market	Contract	Maturity	Notional (units)	Notional (R\$ thousand)	Fair value (R\$ thousand)	
Physical fixed	Purchased	CCEE	Energy	Oct/18–Dec/21	4,751 mwh	383	(1,161,340)	
Sub-total physical fixed electric power bought						4,751 mwh	383	(1,161,340)
Sub-total physical fixed electric power						- mwh	891	17,892
Net exposure of commodity derivatives as of September 30, 2018							1,178,128	(46,970)
Net exposure of commodity derivatives as of March 31, 2018							1,616,943	92,393

### d) Foreign exchange rate risk

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

							Consolidated	
Price risk: outstanding foreign exchange derivatives as of September 30, 2018								
Derivatives	Purchased / Sold	Market	Contract	Maturity	Notional (US\$ thou.)	Notional (R\$ thousand)	Fair value (R\$ thousand)	
Future	Sold	B3	Trade dollar	Oct/18–Nov/18	508,250	2,034,982	(6,488)	
Future	Sold	CME	Euro	Dec 2018	19,500	78,076	639	
Subtotal future sold						527,750	2,113,058	(5,849)
Future	Purchased	B3	Trade dollar	Oct/18–Nov/18	(595,250)	(2,383,322)	8,462	
Future	Purchased	CME	Euro	Dec 2018	(13,500)	(54,053)	(824)	
Subtotal future bought						(608,750)	(2,437,375)	7,638
Term	Purchased	OTC/Cetip	NDF	Oct/18–Feb/19	(1,236,900)	(4,952,424)	(92,299)	
Term	Sold	OTC/Cetip	NDF	Oct/18–May/19	2,215,277	8,869,748	124,093	
Subtotal term bought/sold						978,377	3,917,324	31,794
FX swap	Purchased	Fixed dollar/OTC	FX swap	Oct/18–Jan/27	(874,252)	(3,500,416)	461,420	
FX swap	Sold	Fixed dollar/OTC	FX swap	Oct/21–Jan/27	473,225	1,894,745	(290,131)	
Subtotal of swap						(401,027)	(1,605,671)	171,289
Net exposure of foreign exchange derivatives as of September 30, 2018						496,350	1,987,336	204,872
Net exposure of foreign exchange derivatives as of March 31, 2018						940,428	3,125,798	62,269

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### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

As of September 30 and March 31, 2018, the summary of quantitative data on Company's foreign exchange risk exposure was as follows:

	Consolidated	
	09/30/2018	
	RS	US\$ (in thousands)
Cash and cash equivalents (Note 3)	1,257,970	314,186
Restricted cash (Note 4)	203,611	50,853
Accounts receivable - Abroad (Note 5)	280,371	70,024
Related parties (Note 9)	3,568,641	891,291
Suppliers (note 13)	(1,469,109)	(366,920)
Loans and financing (Note 14)	(6,793,625)	(1,696,752)
Derivatives (Note 24.d) (*)		(496,350)
Net foreign exchange exposure	<u>(2,952,141)</u>	<u>(1,233,668)</u>
Derivatives settled in the month following the closing (**)		(294,895)
Net foreign exchange exposure, adjusted in Sep/2018 (***)		<u>(1,528,563)</u>
Net foreign exchange exposure, adjusted in March 2018 (***)		<u>(848,491)</u>

(\*) Refers to the notional foreign exchange derivative transactions.

(\*\*) Settlement at PTAX on the last closing day of the month.

(\*\*\*) The net foreign exchange exposure, this will be substantially offset by probable future income of export products.

#### e) Hedge accounting effect

The Company formally designates its transactions subject to hedge accounting 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 September 30, 2018 and March 31, 2018, the impacts calculated under the Company's equity and the estimated realization in profit or loss are shown below:

Financial instruments	Market	Risk	Period for realization			09/30/2018	03/31/2018
			2018/19	2019/20	>2021		
Future	OTC / ICE	Sugar#11	146,345	69,253	-	215,598	50,101
Future	B3 / NYMEX / OTC	Ethanol	(213,821)	(16,988)	-	(230,809)	(19,112)
Options	OTC / ICE	Sugar#11	-	5,096	-	5,096	-
NDF	OTC	FX	(237,856)	(36,979)	-	(274,835)	2,757
Swap	Debt	FX	-	-	(229,065)	(229,065)	(5,702)
PPE	Debt	FX	-	-	(42,976)	(42,976)	(16,147)
			<u>(305,332)</u>	<u>20,382</u>	<u>(272,041)</u>	<u>(556,991)</u>	<u>11,897</u>
(-) Deferred taxes			<u>103,813</u>	<u>(6,930)</u>	<u>92,496</u>	<u>189,379</u>	<u>(4,043)</u>
Effect in equity on September 30, 2018			<u>(201,519)</u>	<u>13,452</u>	<u>(179,545)</u>	<u>(367,612)</u>	<u>7,854</u>



## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

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

	<u>09/30/2018</u>
Balance at the beginning of the period	7,854
Gains/(losses) occurred in the period:	
Fair value on commodity futures designated as hedge accounting	(15,853)
Fair value loss on foreign exchange locks designated as hedge accounting	(577,487)
Exchange variation on debt contracts designated as hedge accounting	(26,834)
Results from commodities recognized in net operating revenue (Note 19)	(25,251)
Results from debt contracts recognized in net operating revenue (Note 19)	76,537
Total movements occurred in the period	(568,888)
Effect of deferred taxes on equity valuation adjustment	193,422
	<u>(375,466)</u>
Balance at September 30, 2018	<u>(367,612)</u>

#### f) Interest rate risk

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

							<u>Consolidated</u>
							<u>Price risk: interest derivatives, outstanding as of September 30, 2018</u>
<u>Derivatives</u>	<u>Purchased / Sold</u>	<u>Market</u>	<u>Contract</u>	<u>Maturity</u>	<u>Notional (US\$ thou.)</u>	<u>Notional (R\$ thousand)</u>	<u>Fair value (R\$ thousand)</u>
Interest rate swap	Sold	OTC	Interest rate swap	Oct/20	100,134	400,927	(4,076)
Interest rate swap	Purchased	OTC	Interest rate swap	Oct/20-Apr/24	(238,254)	(953,946)	80,354
Net exposure of interest derivatives as of September 30, 2018					<u>(138,120)</u>	<u>(553,019)</u>	<u>76,278</u>
Net exposure of interest derivatives as of March 31, 2018					<u>(167,176)</u>	<u>(553,019)</u>	<u>90,066</u>

#### g) Credit risk

A substantial part of the sales of the Company and its subsidiaries is made to a select group of highly qualified counterparties, such as trading companies, fuel distribution companies, electrical power distributors 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.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

The Company enters into commodity derivative agreements in futures markets and options at the New York Board of Trade - NYBOT, Chicago - CBOT and at the London International Financial Futures and Options Exchange - LIFFE, 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.

**Guarantee margins** - Derivative transactions in commodity exchanges (NYBOT, LIFFE and B3) require guarantee margins. The total margin of Consolidated deposited as of September 30, 2018 is R\$ 243,744 (R\$ 40,446 as of March 31, 2018), of which R\$ 40,133 (R\$ 25,028 as of March 31, 2018) in restricted financial investments and R\$ 203,611 (R\$ 15,418 as of March 31, 2018) 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 (Note 3), which make up the 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

It 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 financial liabilities according to their aging schedules:

	<b>Consolidated</b>				
	<b>Up to 1 year</b>	<b>Up to 2 years</b>	<b>3-5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Loans and financing (1)	2,483,136	3,872,476	5,673,557	5,171,008	17,200,177
Suppliers (note 13)	3,440,519	-	-	-	3,440,519
Derivative financial instruments	1,755,353	121,522	72,296	227,067	2,176,238
Related parties (1)	1,092,643	-	-	403,736	1,496,379
September 30, 2018	<u>8,771,651</u>	<u>3,993,998</u>	<u>5,745,853</u>	<u>5,801,811</u>	<u>24,313,313</u>
March 31, 2018	<u>4,276,909</u>	<u>1,670,129</u>	<u>5,991,929</u>	<u>5,166,806</u>	<u>17,105,773</u>

(1) Undiscounted contractual cash flows.

#### i) Fair value

Procedures over the definition, measurement and recognition of the fair value of financial liabilities are the same disclosed on annual financial statements as of March 31, 2018, except for the classification and measurement of financial assets due to IFRS 9 (CPC 48). For further details, see Note 2.3.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

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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 has significant effect on the recorded fair value is observable, either directly or indirectly.
- Level 3: techniques that use data that have a significant effect on fair value that are not based on observable market data.

Financial instruments are classified as follows:

Financial instruments valued at fair value				Consolidated
	Level 1	Level 2	Level 3	Total
Interest earnings bank deposits (Note 3)	-	1,138,218	-	1,138,218
Restricted financial investments (Restricted cash) (Note 4)		92,771		92,771
Derivative financial instruments - assets	506,065	1,904,353	-	2,410,418
Loans and financing (Note 14)	-	(3,398,103)	-	(3,398,103)
Derivative financial instruments - Liabilities	(569,136)	(1,607,102)	-	(2,176,238)
<b>September 30, 2018</b>	<u>(63,071)</u>	<u>(1,869,863)</u>	<u>-</u>	<u>(1,932,934)</u>
<b>March 31, 2018</b>	<u>92,819</u>	<u>2,351,672</u>	<u>(2,039)</u>	<u>2,442,452</u>

As of September 30 and March 31, 2018, there were no transfers among such levels in order to determine the fair value of financial instruments.

#### j) Sensitivity analysis

We present below the sensitivity analysis of the fair value of financial instruments according to the types of risk considered relevant by the Company, pursuant to CVM Instruction No. 475 issued on March 17, 2008.

# RAÍZEN ENERGIA S.A.

## Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

### 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 sugar and the US dollar as of September 30, 2018, corresponding to balance of fair value of derivatives on the date. Possible and remote scenarios were set considering impacts of 25% and 50% on sugar and US dollar price curves, which were considered as a basis for the probable scenario.

### Sensitivity table

#### i) Sensitivity on change in fair value of financial instruments

	Risk factor	Impacts on income (loss) (*) September 30, 2018				
		Probable scenario	Remote scenario + (25%)	Balance of fair value	Remote scenario + (50%)	Balance of fair value
<b>Price risk</b>						
Commodity derivatives						
Futures and options contracts						
Purchase and sale commitments	Sugar price increase	123,802	(231,708)	(107,906)	(463,416)	(339,614)
Purchase and sale commitments	Gasoline price increase	(186,939)	(440,325)	(627,264)	(880,650)	(1,067,589)
Purchase and sale commitments	Electric power price increase	17,892	(34,775)	(16,883)	(69,550)	(51,658)
Purchase and sale commitments	Ethanol price increase	(1,725)	(51,206)	(52,931)	(102,413)	(104,138)
		<u>(46,970)</u>	<u>(758,014)</u>	<u>(804,984)</u>	<u>(1,516,029)</u>	<u>(1,562,999)</u>
<b>Foreign exchange rate risk</b>						
Foreign exchange rate derivatives						
Futures contracts:						
Purchase and sale commitments	USD incr.	1,789	50,159	51,948	100,317	102,106
Forward contracts						
Purchase and sale commitments	USD incr.	31,794	(646,490)	(614,696)	(1,292,980)	(1,261,186)
FX swaps:						
Purchase and sale commitments	USD incr.	171,289	107,091	278,380	214,182	385,471
		204,872	(489,240)	(284,368)	(978,481)	(773,609)
<b>Interest rate risk</b>						
Swap, Term and Futures contracts	Write-off in interest rate	76,278	(80,449)	(4,171)	(160,898)	(84,620)
		<u>76,278</u>	<u>(80,449)</u>	<u>(4,171)</u>	<u>(160,898)</u>	<u>(84,620)</u>
Total		<u>234,180</u>	<u>(1,327,703)</u>	<u>(1,093,523)</u>	<u>(2,655,408)</u>	<u>(2,421,228)</u>

(\*) Result projected to occur within 12 months from September 30, 2018.

#### ii) Net foreign exchange exposure

The probable scenario considers the position as of September 30, 2018. The effects of the possible and remote scenarios that would be recognized in the consolidated statement of income as income or expenses on exchange-rate change are as follows:

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

Net foreign exchange exposure September 30, 2018	Effect of exchange-rate changes Scenarios				
	+25%	+50%	-25%	-50%	
Cash and cash equivalents (Note 3)	1,257,970	314,493	628,985	(314,493)	(628,985)
Restricted cash (Note 4)	203,611	50,903	101,806	(50,903)	(101,806)
Accounts receivable - Abroad (Note 5)	280,371	70,093	140,186	(70,093)	(140,186)
Related parties (Note 9)	3,568,641	892,160	1,784,321	(892,160)	(1,784,321)
Suppliers (note 13)	(1,469,109)	(367,277)	(734,555)	367,277	734,555
Loans and financing (Note 14)	(6,793,625)	(1,698,406)	(3,396,813)	1,698,406	3,396,813
Impact on income (loss) in the period		(738,034)	(1,476,070)	738,034	1,476,070

#### iii) Interest rate sensibility

As of September 30, 2018, the probable scenario considers the annual weighted average rate (6.34%) of floating interest of loans and financing of the Company, and for financial investments and as restricted cash, the CDI (6.65%) accumulated, realized in the last 12 months. In both cases, simulations were run considering the increase and reduction by 25% and 50%. The consolidated results of this sensitivity are as follows:

	Probable scenario	September 30, 2018 Interest rate sensibility			
		25%	50%	-25%	-50%
Interest earnings bank deposits	75,567	18,892	37,784	(18,892)	(37,784)
Restricted cash	6,200	1,550	3,100	(1,550)	(3,100)
Loans and financing	(639,115)	(159,779)	(319,558)	159,779	319,558
Additional impact in income (loss) for the period	(557,348)	(139,337)	(278,674)	139,337	278,674

#### 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.

The Company has relationships with large local and international rating agencies as show below:

Branch	Scale	Rating	Outlook	Date
Fitch	National	AAA (bra)	Stable	06/16/2017
	Global	BBB	Stable	06/16/2017
Moody's	National	Aaa.Br	Stable	04/10/2018
	Global	Ba1	Stable	04/10/2018
Standard & Poor's	National	brAAA	Stable	01/12/2018
	Global	BBB-	Stable	01/12/2018

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

The financial leverage ratios on September 30 and March 31, 2018 were calculated as follows:

	<u>09/30/2018</u>	<u>Consolidated 03/31/2018</u>
<b>Third party capital</b>		
Loans and financing (Note 14)	13,543,612	10,779,596
(-) Cash and cash equivalents (Note 3)	(2,461,750)	(3,321,777)
(-) Financial investments linked to financing (Note 4)	(52,638)	(50,663)
(-) National Treasury Certificates - CTN (Note 8)	(861,896)	(827,042)
(-) Foreign exchange and interest rate derivatives (Note 24.b)	(281,150)	(152,335)
	<u>9,886,178</u>	<u>6,427,779</u>
<b>Own capital</b>		
Equity		
Attributable to the parent company's shareholders	7,593,142	8,825,137
Interest of non-controlling shareholders	41,044	(970)
	<u>7,634,186</u>	<u>8,824,167</u>
<b>Total capital</b>	<u>17,520,364</u>	<u>15,251,946</u>
<b>Leverage ratio</b>	<u>56%</u>	<u>42%</u>

## 25. Retirement supplementation plan and other employee benefits

### (a) Pension fund

#### Defined contribution

During the six-month period ended September 30, 2018, the contribution recognized as expenses amounted to R\$ 7,122 (R\$ 6,235 in the six-month period ended September 30, 2017).

### (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.

## 26. Insurance

As mentioned in Note 26 of financial statements as of March 31, 2018, the Company and its subsidiaries have an insurance program and risk management that provides consistent coverage and protection for corporate assets and operations. During the six-month period ended September 30, 2018 no significant changes in this insurance coverage.

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

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#### 27. Corporate restructuring

Transactions occurred during the six-month period ended September 30, 2018.

##### i) Acquisition of Santa Cândida and Paraíso Plants – sugar and ethanol producing units of Tonon Group

On September 28, 2018, the Company concluded the allocation of the price of the assets acquired and liabilities assumed by the Company in the process of acquiring the Santa Cândida and Paraíso plants.

The main differences between the preliminary goodwill and the final goodwill are shown below:

<u>Changes</u>	
Fair value of net assets	425,811
(-) Total cost of acquisition	835,948
<b>Preliminary goodwill</b>	<b><u>410,137</u></b>
(-) Fair value of biological assets (Note 7)	(2,288)
(+) Property, plant and equipment (Note 11)	9,507
(+) Other liabilities	6,421
(+) Financial lease	7,495
(=) Goodwill adjustments (Note 12)	<b><u>21,135</u></b>
<b>Final goodwill</b>	<b><u>431,272</u></b>

##### ii) RWXE Participações S.A

On April 28, 2018, the Company, through its subsidiary Bio Barra, signed a shareholders agreement with the company WX Energy Participações Ltda. (“WX Participações”), which corresponded to the commitment to invest the approximate amount of R\$ 95,000 in RWXE, parent of the company WX Energy.

On July 5, 2018, the shareholders' agreement between Bio Barra and WX Participações was signed, formalizing the previous investment commitment. With this operation, the Company acquired a 70% stake in the share capital of RWXE, for the amount of R\$ 94,626, of which R\$ 44,626 was effectively settled on this date by the subsidiary Bio Barra. The residual amount will be paid up to July 05, 2021.

RWXE is a company primarily engaged in participating, as partner or shareholder, in the share capital of other companies or ventures, constituted as a result of this business combination.

WX operates in the whole sale market of electric power, authorized by National Agency of Electrical Energy (ANEEL) and agent of Electric Energy Trading Chamber (CCEE, in Portuguese).

Through these investments, the Company aims to expand its presence in electric energy trading and increase its product portfolio.

Pursuant to IFRS 3/CPC 15 - Business Combination, the preliminary fair value of acquired assets and assumed liabilities at the date of acquisition of RWXE, is as follows: The difference between the amount paid and the net assets at fair value resulted in the recognition of a preliminary goodwill for expectation of future returns.

## **RAÍZEN ENERGIA S.A.**

### **Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)**

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<u>Captions</u>	<u>Total</u>
Cash and cash equivalents	63,912
Accounts receivable	187,442
Related parties	50,000
Financial instruments - Assets	712,117
Advances to suppliers	30
Recoverable taxes	73
Property, plant and equipment (Note 11)	158
Intangible assets (note 12)	3
Suppliers	(200,672)
Financial instruments - Liabilities	(712,119)
Taxes payable	(893)
Salaries payable	(51)
Net assets	<u>100,000</u>
Raízen Interest (70%)	70,000
(-) Acquisition cost	94,626
<b>Preliminary goodwill (Note 12)</b>	<b><u>24,626</u></b>

In the period ended September 30, 2018, the Company made preliminary recognition of acquisition price and final recognition is expected to be completed by July 2019.



## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

#### 28. Supplementary information to the cash flow

##### a) Reconciliation of financing activities from cash flows

We present the reconciliation of financing activities of cash flows for the six-month period ended September 30, 2018 as follows:

(Assets) / Liabilities	Financial investments linked to financing	Loans and financing	Related parties	Parent company	
				Dividends payable	Total
Opening balance	-	5,081,900	1,472,239	17,082	6,571,221
Transactions with an impact on the Financial Cash Flow ("FCF")					
Funding of loans and financing - Third-parties	-	2,286,593	-	-	2,286,593
Amortizations of principal of loans and financing - third-parties	-	(225,969)	-	-	(225,969)
Payment of interest on loans and financing - third-parties	-	(155,925)	-	-	(155,925)
Payment of interest on loans and financing - intragroup	-	-	(34,137)	-	(34,137)
Financial investments linked to financing	(771)	-	-	-	(771)
Payment of dividends (Note 18.b)	-	-	-	(780,482)	(780,482)
Net asset management - intragroup	-	-	390,308	-	390,308
	(771)	1,904,699	356,171	(780,482)	1,479,617
Other changes not affecting the financing cash flow					
Interest, monetary and exchange-variations, net	152	257,385	336,728	-	594,265
Fair value of liability financial instruments	-	8,235	-	-	8,235
Allocation of dividends (Note 18.b)	-	-	-	763,400	763,400
Other	-	21,290	-	-	21,290
	152	286,910	336,728	763,400	1,387,190
Closing balance	(619)	7,273,509	2,165,138	-	9,438,028

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information

September 30, 2018

(In thousands of reais, unless otherwise indicated)

(Assets) / Liabilities	<b>Consolidated</b>				
	<b>Financial investments linked to financing</b>	<b>Loans and financing</b>	<b>Related parties</b>	<b>Dividends payable</b>	<b>Total</b>
Opening balance	(50,663)	10,779,596	(2,463,825)	17,082	8,282,190
Transactions with an impact on the Financial Cash Flow ("FCF")					
Funding of loans and financing - Third-parties	-	2,287,595	-	-	2,287,595
Amortizations of principal of loans and financing - third-parties	-	(491,749)	-	-	(491,749)
Amortizations of interest on loans and financing - third-parties	-	(253,744)	-	-	(253,744)
Payment of dividends (Note 18.b)	-	-	-	(780,482)	(780,482)
Financial investments linked to financing	(325)	-	-	-	(325)
Net asset management - intragroup	-	-	(187,127)	-	(187,127)
	(325)	1,542,102	(187,127)	(780,482)	574,168
Other changes not affecting the financing cash flow					
Interest, monetary and exchange-variations, net	(1,650)	1,146,809	(507,732)	-	637,427
Fair value of liability financial instruments	-	22,878	-	-	22,878
Allocation of dividends (Note 18.b)	-	-	-	763,400	763,400
Other	-	52,227	-	-	52,227
	(1,650)	1,221,914	(507,732)	763,400	1,475,932
Closing balance	(52,638)	13,543,612	(3,158,684)	-	10,332,290

## RAÍZEN ENERGIA S.A.

### Management notes to the interim financial information September 30, 2018 (In thousands of reais, unless otherwise indicated)

#### b) Main transactions not involving cash

	Parent company		Consolidated	
	Apr-Sep/2018	Apr-Sep/2017	Apr-Sep/2018	Apr-Sep/2017
<b>Transactions not involving cash</b>				
Depreciation of agricultural assets capitalized as biological assets (Note 7)	(9,464)	(8,954)	(11,311)	(10,468)
Estimated loss on doubtful accounts	159	-	732	-
Depreciation of agricultural assets capitalized as property, plant and equipment (Note 11)	(26,682)	(28,073)	(30,074)	(31,501)
Tax credits on fixed assets, including adjustment to present value of property, plant and equipment.	(444)	(350)	(1,219)	(1,511)
Interest capitalized in fixed assets (Notes 11 and 23)	(11,975)	(8,901)	(16,576)	(16,604)
Other liabilities	-	(76,445)	-	(76,445)
AFAC	-	(1,711)	-	(1,711)
Subscribed capital to be paid up (Note 10.d.i)	(16,496)	(930)	-	(930)
Other (Note 10.d.i)	(521)	-	-	-
	<u>(65,423)</u>	<u>(125,364)</u>	<u>(58,448)</u>	<u>(139,170)</u>

#### 29. Subsequent events

##### Purchase of Sugarcane Plantations of Usina Açucareira Furlan S.A (“Usina Furlan”)

On August 13, after Company’s announcement, with São Martinho S.A. (“São Martinho”), business that predicts the acquisition of the biological assets of Usina Furlan, relating to the Santa Bárbara D’Oeste plant (state of SP), as well as the leasing of land owned by Usina Furlan and Agro Pecuária Furlan S.A. (“Transaction”) and the operation was effectively approved by the CADE (Administrative Council for Economic Defense).

On October 8, 2018, by means of the signature of the Term for the completion of the Transaction, the Company and São Martinho took on the agricultural and supply agreements which total approximately 1 million tons of sugar and as a counterparty, the obligation to independently realize the payment of the respective proportion of 2/3 and 1/3 the approximate amount of R\$ 117,000.

The conclusion of this Transaction is aligned with the strategy of increasing the availability of cane for processing at the mills of Raízen. On October 11, 2018, the Company already paid R\$ 64,786.

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