

# **Cosan Limited**

Consolidated interim financial statements as of  
March 31, 2018

# Cosan Limited

## Consolidated interim financial statements

March 31, 2018

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# **Report on review of the interim financial information**

To the Board of Directors and Shareholders of  
Cosan Limited  
Bermuda

## **Introduction**

We have reviewed the accompanying consolidated interim financial information of Cosan Limited ("Company") contained in the Quarterly Information Form – ITR for the quarter ended March 31, 2018, which comprises the statement of financial position as of March 31, 2018, and the respective statements of profit and loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board – IASB. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

## **Scope of review**

We conducted our review in accordance with Brazilian and international standards on review engagements of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Entity's Auditor and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim 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 audit standards and, consequently, does not enabled us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion on the interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the Quarterly Information Form – ITR referred to above has not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB.

São Paulo, May 11, 2018

KPMG Auditores Independentes  
CRC 2SP014428/O-6

Rogério Hernandez Garcia  
Contador CRC 1SP213431/O-5

# Cosan Limited

## Consolidated statements of financial position

(In thousands of Brazilian Reais - R\$)

	<b>Note</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>			
Cash and cash equivalents	6	6,102,604	4,555,177
Marketable securities	7	3,549,053	3,853,343
Trade receivables	8	1,331,779	1,277,766
Derivative financial instruments	26	136,393	317,763
Inventories		645,362	663,061
Receivables from related parties	10	62,884	30,059
Income tax receivable		374,018	312,274
Other current tax receivable	9	355,103	327,410
Dividends receivable		11,542	13,466
Other financial assets		-	1,340,000
Other current assets		359,992	343,617
<b>Total current assets</b>		<b>12,928,730</b>	<b>13,033,936</b>
Trade receivables	8	41,327	44,654
Restricted cash	7	196,728	225,634
Deferred tax assets	20	1,572,861	1,636,080
Receivables from related parties	10	128,529	169,755
Income tax receivable		242,144	247,996
Other non-current tax receivable	9	772,579	778,820
Judicial deposits	21	825,505	766,107
Derivative financial instruments	26	873,052	844,450
Other non-current assets		465,665	472,753
Investments in associates	11	295,870	301,342
Investments in joint ventures	12	8,381,775	8,447,799
Property, plant and equipment	13	11,860,877	11,681,575
Intangible assets and goodwill	14	16,929,193	16,973,610
<b>Total non-current assets</b>		<b>42,586,105</b>	<b>42,590,575</b>
<b>Total assets</b>		<b>55,514,835</b>	<b>55,624,511</b>

The accompanying notes are an integral part of these consolidated interim financial statements

# Cosan Limited

## Consolidated statements of financial position

(In thousands of Brazilian Reais - R\$)

	Note	March 31, 2018	December 31, 2017
<b>Liabilities</b>			
Loans, borrowings and debentures	15	2,616,958	3,903,392
Leases	16	179,702	261,344
Real estate credit certificates		59,514	86,745
Derivative financial instruments	26	659	1,520
Trade payables	18	2,355,989	2,433,995
Employee benefits payable		194,840	291,080
Income tax payables		12,227	21,146
Other taxes payable	19	301,685	418,878
Concessions payables	17	27,676	27,413
Dividends payable		157,640	191,478
Payables to related parties	10	346,697	328,263
Deferred revenue		11,168	11,529
Other financial liabilities		309,402	382,702
Other current liabilities		587,563	662,835
<b>Total current liabilities</b>		<b>7,161,720</b>	<b>9,022,320</b>
Loans, borrowings and debentures	15	19,359,772	17,785,554
Leases	16	536,579	682,794
Preferred shareholders payable in subsidiaries		1,464,513	1,442,679
Derivative financial instruments	26	90,923	113,565
Other taxes payable	19	158,188	161,637
Provision for legal proceedings	21	1,360,876	1,348,157
Concessions payables	17	2,972,064	2,905,921
Post-employment benefits	27	490,180	485,459
Deferred tax liabilities	20	3,976,081	3,902,310
Deferred revenue		54,419	56,495
Other non-current liabilities		600,943	658,207
<b>Total non-current liabilities</b>		<b>31,064,538</b>	<b>29,542,778</b>
<b>Total liabilities</b>		<b>38,226,258</b>	<b>38,565,098</b>
<b>Shareholders' equity</b>	22		
Share capital		5,328	5,328
Additional paid-in capital		3,253,453	3,245,543
Accumulated other comprehensive loss		(409,859)	(394,212)
Retained earnings		3,285,239	3,182,098
Equity attributable to:			
Owners of the Company		6,134,161	6,038,757
Non-controlling interests	11	11,154,416	11,020,656
<b>Total shareholders' equity</b>		<b>17,288,577</b>	<b>17,059,413</b>
<b>Total shareholders' equity and liabilities</b>		<b>55,514,835</b>	<b>55,624,511</b>

The accompanying notes are an integral part of these consolidated interim financial statements

# Cosan Limited

## Consolidated statements of profit or loss and other comprehensive income

For the three month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais – R\$, except earnings per share)

	<u>Note</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Net sales		3,543,428	2,785,732
Cost of sales		(2,512,680)	(1,959,441)
<b>Gross profit</b>		<b><u>1,030,748</u></b>	<b><u>826,291</u></b>
Selling expenses		(245,069)	(257,582)
General and administrative expenses		(213,350)	(207,374)
Other income (expenses), net	24	(22,661)	(16,040)
<b>Operating expenses</b>		<b><u>(481,080)</u></b>	<b><u>(480,996)</u></b>
<b>Income before interest in earnings of investees and financial results</b>		<b><u>549,668</u></b>	<b><u>345,295</u></b>
Interest in earnings of associates	11	(2,807)	2,954
Interest in earnings of joint ventures	12	297,657	255,697
<b>Interest in earnings of investees</b>		<b><u>294,850</u></b>	<b><u>258,651</u></b>
Finance expense		(499,883)	(898,232)
Finance income		188,848	283,009
Foreign exchange, net		(75,957)	118,889
Derivatives		(133,688)	(122,058)
<b>Finance results, net</b>	25	<b><u>(520,680)</u></b>	<b><u>(618,392)</u></b>
<b>Profit (loss) before taxes</b>		<b><u>323,838</u></b>	<b><u>(14,446)</u></b>
<b>Income tax (expenses) benefits</b>	20		
Current		52,385	23,567
Deferred		(135,436)	(67,396)
		<b><u>(83,051)</u></b>	<b><u>(43,829)</u></b>
<b>Profit (loss) for the period</b>		<b><u>240,787</u></b>	<b><u>(58,275)</u></b>

# Cosan Limited

## Consolidated statements of profit or loss and other comprehensive income

For the three month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais – R\$, except earnings per share)

### Other comprehensive income (loss)

#### Items that will never be reclassified

##### to profit or loss

Actuarial loss on defined benefit plan	(54)	-
Gain on share subscription of subsidiary	-	9,000
	<u>(54)</u>	<u>9,000</u>

#### Items that are or may subsequently be reclassified to profit or loss:

Foreign currency translation effect	(23,847)	14,437
Gain on cash flow hedge in joint ventures	3,317	171,295
Changes in fair value of available for sale securities	32	129
	<u>(20,498)</u>	<u>185,861</u>

#### Total other comprehensive income, net of tax

	<u>(20,552)</u>	<u>194,861</u>
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#### Total comprehensive income

	<u>220,235</u>	<u>136,586</u>
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#### Total net income (loss) attributable to:

Owners of the Parent	106,304	21,115
Non-controlling interests	134,483	(79,390)
	<u>240,787</u>	<u>(58,275)</u>

#### Total comprehensive income (loss) attributable to:

Owners of the Company	129,578	146,764
Non-controlling interests	90,657	(10,178)
	<u>220,235</u>	<u>136,586</u>

#### Basic earnings per share from:

Continuing operations	23	R\$0.4371	R\$0.0798
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#### Diluted earnings per share from:

Continuing operations	23	R\$0.4124	R\$0.0183
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The accompanying notes are an integral part of these consolidated interim financial statements

## Cosan Limited

### Consolidated statements of changes in equity

For the three month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais - R\$)

	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
<b>At December 31, 2017</b>	<b>5,328</b>	<b>3,245,543</b>	<b>(394,212)</b>	<b>3,182,098</b>	<b>6,038,757</b>	<b>11,020,656</b>	<b>17,059,413</b>
New standards, interpretations and changes adopted by the Company - Note 3.2	-	-	-	(3,163)	(3,163)	(4,185)	(7,348)
<b>At January 1, 2018</b>	<b>5,328</b>	<b>3,245,543</b>	<b>(394,212)</b>	<b>3,178,935</b>	<b>6,035,594</b>	<b>11,016,471</b>	<b>17,052,065</b>
Net profit for the period	-	-	-	106,304	106,304	134,483	240,787
<b>Other comprehensive income:</b>							
Gain on cash flow hedge in joint ventures	-	-	1,940	-	1,940	1,377	3,317
Foreign currency translation effects	-	-	(17,594)	-	(17,594)	(6,253)	(23,847)
Actuarial loss on defined benefit plan	-	-	(11)	-	(11)	(43)	(54)
Change in fair value of available for sale securities	-	-	18	-	18	14	32
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(15,647)</b>	<b>106,304</b>	<b>90,657</b>	<b>129,578</b>	<b>220,235</b>
<b>Contributions by and distributions to owners of the Company:</b>							
Dividends - non-controlling interests	-	(270)	-	-	(270)	270	-
Share options exercised - Subsidiaries	-	9,035	-	-	9,035	6,096	15,131
Dividends	-	-	-	-	-	(960)	(960)
Share-based payment transactions	-	9,909	-	-	9,909	2,294	12,203
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>18,674</b>	<b>-</b>	<b>-</b>	<b>18,674</b>	<b>7,700</b>	<b>26,374</b>
<b>Transactions with owners of the Company</b>							
Change of shareholding interest in subsidiary	-	(10,764)	-	-	(10,764)	667	(10,097)
<b>At March 31, 2018</b>	<b>5,328</b>	<b>3,253,453</b>	<b>(409,859)</b>	<b>3,285,239</b>	<b>6,134,161</b>	<b>11,154,416</b>	<b>17,288,577</b>

The accompanying notes are an integral part of these consolidated interim financial statements



# Cosan Limited

## Consolidated statements of changes in equity

For the three month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais - R\$)

	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
<b>At January 01, 2017</b>	<b>5,328</b>	<b>4,051,591</b>	<b>(480,454)</b>	<b>2,695,998</b>	<b>6,272,463</b>	<b>9,737,286</b>	<b>16,009,749</b>
Net profit for the period	-	-	-	21,115	21,115	(79,390)	(58,275)
<b>Other comprehensive income:</b>							
Gain on cash flow hedge in joint ventures	-	-	106,515	-	106,515	64,780	171,295
Foreign currency translation effects	-	-	13,455	-	13,455	982	14,437
Gain on share subscription of an subsidiary	-	-	5,598	-	5,598	3,402	9,000
Change in fair value of available for sale securities	-	-	81	-	81	48	129
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>125,649</b>	<b>21,115</b>	<b>146,764</b>	<b>(10,178)</b>	<b>136,586</b>
<b>Contributions by and distributions to owners of the Company:</b>							
Share options exercised - Subsidiaries	-	10,201	-	-	10,201	5,921	16,122
Dividends - non-controlling interests	-	(7,442)	-	-	(7,442)	7,442	-
Dividends	-	-	-	-	-	(138,665)	(138,665)
Share-based payment transactions	-	1,250	-	-	1,250	1,595	2,845
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>4,009</b>	<b>-</b>	<b>-</b>	<b>4,009</b>	<b>(123,707)</b>	<b>(119,698)</b>
<b>Transactions with owners of the Company</b>							
Change of shareholding interest in subsidiary	-	(154,368)	-	-	(154,368)	(120,223)	(274,591)
<b>Transactions with owners of the Company</b>	<b>-</b>	<b>(154,368)</b>	<b>-</b>	<b>-</b>	<b>(154,368)</b>	<b>(120,223)</b>	<b>(274,591)</b>
<b>At March 31, 2017</b>	<b>5,328</b>	<b>3,901,232</b>	<b>(354,805)</b>	<b>2,717,113</b>	<b>6,268,868</b>	<b>9,483,178</b>	<b>15,752,046</b>

The accompanying notes are an integral part of these consolidated interim financial statements

# Cosan Limited

## Consolidated statements of cash flows

For the three month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais - R\$)

	<u>Note</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
<b>Cash flows from operating activities</b>			
Profit (loss) before taxes		323,838	(14,446)
<b>Adjustments for:</b>			
Depreciation and amortization		473,293	446,556
Lease and concession		49,643	49,474
Interest in earnings of associates	11	2,807	(2,954)
Interest in earnings of joint ventures	12	(297,657)	(255,697)
Losses (gain) on disposals of assets		2,777	(2,441)
Share-based payments		12,679	2,845
Legal proceedings provision		30,762	18,355
Indexation charges, interest and exchange, net		549,394	673,233
Provisions for employee benefits		39,578	21,433
Allowance for doubtful accounts		5,930	4,617
Deferred revenue		(2,437)	(2,698)
Other		(4,317)	6,983
		<b>1,186,290</b>	<b>945,260</b>
<b>Changes in:</b>			
Trade receivables		(31,035)	104,691
Inventories		21,218	30,908
Other taxes, net		(96,313)	(41,041)
Related parties		(70,271)	14,110
Trade payables		(116,593)	(120,274)
Other financial liabilities		(57,970)	9,816
Employee benefits		(136,970)	(105,172)
Provision for legal proceedings		(29,147)	(17,622)
Judicial deposits		(22,065)	(8,205)
Post-employment benefits		(7,764)	(6,827)
Cash received on sale of credit rights		1,340,000	233,570
Concessions payable		(26,548)	(28,096)
Other assets and liabilities, net		(122,530)	(41,077)
		644,012	24,781
		<b>1,830,302</b>	<b>970,041</b>
<b>Net cash generated by operating activities</b>			
<b>Cash flows from investing activities</b>			
Marketable securities		334,734	399,932
Restricted cash		28,795	(24,145)
Dividends received from associates		347	2,464
Dividends received from joint ventures		408,151	279,875
Put option exercised paid		-	(275,780)
Acquisition of subsidiary, net of cash acquired		(35,869)	-
Acquisition of property, plant and equipment, intangible assets and investments		(592,365)	(542,647)
Cash received on sale of fixed assets, and intangible assets		1,123	7,000
		<b>144,916</b>	<b>(153,301)</b>
<b>Net cash generated (used in) by investing activities</b>			

## Cosan Limited

### Consolidated statements of cash flows

For the three month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais - R\$)

#### Cash flows from financing activities

Loans and borrowings and debentures raised	15	2,176,875	2,437,163
Amortization of principal on loans, borrowings and debentures	15	(1,837,194)	(390,663)
Payment of interest on loans, borrowings and debentures	15	(428,324)	(313,265)
Derivative financial instruments		(9,979)	(167,143)
Amortization of principal on financing leases	16	(262,602)	(111,071)
Payment of interest on financing leases	16	(43,494)	(80,504)
Real estate credit certificates		(29,439)	(31,705)
Dividends paid		(37,721)	(161,522)
Payments to redeem entity's shares		(9,996)	-
Share options exercised - subsidiaries		15,131	15,986
<b>Net cash (used in) generated by financing activities</b>		<b>(466,743)</b>	<b>1,197,276</b>
<b>Increase in cash and cash equivalents</b>		<b>1,508,475</b>	<b>2,014,016</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>4,555,177</b>	<b>4,499,588</b>
Effect of exchange rate fluctuations on cash held		38,952	30,486
<b>Cash and cash equivalents at end of the period</b>		<b>6,102,604</b>	<b>6,544,090</b>
<b>Supplemental cash flow information</b>			
Income taxes paid		44,024	862

The accompanying notes are an integral part of these consolidated interim financial statements

# Cosan Limited

## Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reals – R\$, unless otherwise stated)*

### **1 Operations**

Cosan Limited (“Cosan”) was incorporated in Bermuda on April 30, 2007. Cosan’s class A common shares are traded on the New York Stock Exchange (NYSE) (ticker - CZZ). The BDRs (Brazilian Depositary Receipts) representing Cosan’s class A common shares are listed on the Brazilian Stock Exchange (“B3”) (ticker - CZLT33). Mr. Rubens Ometto Silveira Mello is the ultimate controlling shareholder of Cosan. Cosan controls its subsidiaries Cosan S.A. (“Cosan S.A.”) and Cosan Logística S.A. (“Cosan Logística”) through a 58.16% and 72.51% interest, respectively. Cosan, Cosan S.A., Cosan Logística and its subsidiaries are collectively referred to as the “Company.”

The Company’s primary activities are in the following business segments: (i) Piped natural gas distribution to part of the State of São Paulo through its subsidiary Companhia de Gás de São Paulo – Comgás (“Comgás”); (ii) Logistics services including transportation, port loading and storage of sugar, leasing or lending of locomotives, wagons and other railway equipment, through its indirect subsidiaries Rumo S.A. (“Rumo”), logistic segment (“Logistic”); (iii) Production and distribution of lubricants, through its indirect subsidiaries Cosan Lubrificantes e Especialidades S.A. (“CLE”) and Stanbridge Group Limited (“Stanbridge”), under the Mobil licensed trademark in Brazil, Bolivia, Uruguay, Paraguay and Europe market and Comma Oil & Chemicals Ltd. (“Comma”) under the Comma’s brand to the Europe and Asian market and corporate activities (“Moove”); and (iv) Other investments, in addition to the corporate structures of the Company (“Cosan Corporate”).

The Company also holds interests in two joint ventures (“JVs”): (i) Raízen Combustíveis S.A. (“Raízen Combustíveis”), a fuel distribution business, and (ii) Raízen Energia S.A. (“Raízen Energia”), which operates in the production and marketing of sugar, ethanol and energy cogeneration, produced from sugar cane bagasse.

On January 31, 2018, the Company received the amount of 1,340,000 related to sales of credit rights, as stated in the financial statements as of December 31, 2017.

On March 19, 2018, the Subsidiary Cosan S.A entered into a new agreement with ExxonMobil Lubricants Trading Company which grants our subsidiary Moove the exclusive production, import, distribution and marketing rights in Brazil, Bolivia, Paraguay and Uruguay of lubricants and certain other related products under the Mobil brand until November 30, 2038. This agreement will come into force on December 1, 2018.

# Cosan Limited

## Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reals – R\$, unless otherwise stated)*

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2017.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2017, except for the adoption of new standards and interpretations effective as of January 1, 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued.

All own relevant information of the interim financial statements, and only they, are being highlighted, and these correspond to those used by management in its management.

These consolidated interim financial statements were authorized for issue by the Board of Directors on May 10, 2018.

Certain amounts of the comparative balances in the statements of cash flows and in the notes 5, 20, 21 and 25, were reclassified to improve the level of details of disclosures in these consolidated interim financial statements. These reclassifications had inconsequential impacts on the Company's consolidated interim financial statements.

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### 3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in this consolidated interim financial statements.

##### 3.1 Basis of consolidation

The consolidated statements include the accounts of Cosan and its subsidiaries. Cosan's subsidiaries are listed below:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<b>Directly owned subsidiaries</b>		
Cosan Logística S.A.	72.51%	72.53%
Cosan S.A.	58.16%	58.21%
<b>Interest of Cosan S.A. in its subsidiaries</b>		
Companhia de Gás de São Paulo – Comgás	79.87%	79.87%
Cosan Biomassa S.A. <sup>(i)   (ii)</sup>	100.00%	100.00%
Cosan Cayman II Limited	100.00%	100.00%
Cosan Global Limited	100.00%	100.00%
Cosan Investimentos e Participações S.A.	100.00%	100.00%
Cosan Lubes Investments Limited <sup>(ii)</sup>	100.00%	100.00%
Comma Oil Chemicals Limited	100.00%	100.00%
Airport Energy Limited	100.00%	100.00%
Airport Energy Services Limited	100.00%	100.00%
Wessesx Petroleum Limited	100.00%	100.00%
Stanbridge Group Limited	100.00%	100.00%
Cosan Lubrificantes e Especialidades S.A. <sup>(ii)</sup>	100.00%	100.00%
Cosan Luxembourg S.A.	100.00%	100.00%
Cosan Overseas Limited	100.00%	100.00%
Cosan Paraguay S.A.	100.00%	100.00%
Cosan U.S., Inc.	100.00%	100.00%
Ilha Terminal Distribuição de Produtos Químicos	100.00%	100.00%
Pasadena Empreendimentos e Participações S.A. <sup>(ii)</sup>	100.00%	100.00%
Zip Lube S.A.	100.00%	100.00%
Rumo S.A.	1.71%	1.71%

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<b>Interest of Cosan Logística S.A. in its subsidiaries</b>		
Rumo S.A.	28,47%	28.47%
Logisport Armazéns Gerais S.A.	14,52%	14.52%
Elevações Portuárias S.A.	28,47%	28.47%
Rumo Luxembourg Sarl	28,47%	28.47%
Rumo Intermodal S.A.	28,47%	28.47%
Rumo Malha Oeste S.A.	28,47%	28.47%
Rumo Malha Paulista S.A.	28,47%	28.47%
Rumo Malha Sul S.A.	28,47%	28.47%
Rumo Malha Norte S.A.	28,33%	28.33%
Boswells S.A.	28,47%	28.47%
Brado Holding S.A.	28,47%	28.47%
ALL Serviços Ltda.	28,47%	28.47%
ALL Argentina S.A.	28,47%	28.47%
Paranaguá S.A.	28,47%	28.47%
ALL Armazéns Gerais Ltda.	28,47%	28.47%
Portofer Ltda.	28,47%	28.47%
Brado Logística e Participações S.A.	17,71%	17.71%
Brado Logística S.A.	17,71%	17.71%
ALL Mesopotâmica S.A.	20,09%	20.09%
ALL Central S.A.	20,94%	20.94%
Servicios de Inversion Logistica Integrales S.A	28,47%	28.47%
PGT S.A.	28,47%	28.47%

- (i) The Company recorded in the year ended December 31, 2017, a put option for the repurchase of shares of non-controlling shareholders, according to the shareholder agreement.
- (ii) Management has concluded that there are no material uncertainties that cast doubt on the continuity of the subsidiaries. Although they had a combined amount of uncovered liabilities of R\$ 109,212 as of March 31, 2018, no events or conditions were identified that individually or collectively could raise significant doubts related to their ability to maintain their operational continuity. The subsidiaries have the financial support of the subsidiary Cosan S.A.

## Cosan Limited

### Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reais – R\$, unless otherwise stated)*

#### **3.2 New standards, interpretations and changes adopted by the Company**

Although these new standards and amendment below apply for the first time in 2018, they do not have a material impact on the Company's annual or interim consolidated financial statements. The nature and impact of each new standard or change are described below:

##### **a) IFRS 15 - Customer Contract Revenue**

IFRS 15 includes as a fundamental principle the recognition of revenue when goods or services are transferred to customers at the transaction price. Revenue is recognized according to this principle by applying a 5 step model:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the performance obligations defined in the contract;
- Step 3: Determine the price of the transaction;
- Step 4: Allocate the price of the transaction to the performance obligations provided for in the agreement; and
- Step 5: Recognize revenue when (or as) the entity meets each performance obligation.

When evaluating contracts with customers, the Company uses judgment to identify whether contracts can be combined, whether there are contract modifications, determine different goods and services, and whether performance obligations are satisfied over time or at a point in time, if there are implicit rebates on the contact and determine significant funding components. In addition, the Company uses estimates when determining the variable consideration and its individual sales prices when using the allocation methodology.

The Company records all its sales of goods and services only when a firm sales contract is in effect, delivery occurred or services were rendered and collection of the fixed or determinable sales price is reasonably estimate. Agreements for the sale of goods and services sometimes include multiple components. Most of the Company's multi-component agreements involve the sale of goods and services in the Lubricants segment. The multi-component agreements usually involve an initial supply of finished products and basic oil and territorial concession and storage services. In such agreements, the selling price is determined for each component and any difference between the total of the separate selling prices and the total consideration of the contract (i.e. discount) is allocated proportionally in each of the components of the agreement. The value attributed to each component is determined objectively and is obtained, primarily, from sources such as the separate selling price for the same item, a similar item or competing prices for similar items. If such evidence is not available, we use our best estimate of selling price, which is set according to the pricing strategy of the business and considers product configuration, geography, customer type and other specific market factors. In agreements which the Company sells products that give the customer a right of return, we use our experience to estimate and arrange those returns when we record the sale. In situations where sales include customer acceptance forecasts based on objective vendor or customer criteria, we recognize revenue when we reliably demonstrate that all specified acceptance criteria have been met or when formal acceptance occurs respectively. Unless stated otherwise, we do not estimate anticipated losses before recording sales.

The Company recognizes revenue from contracts of gas distribution services, construction revenue (under IFRIC 12) and logistics solutions. We estimate total contract revenue net of price concessions, as well as the total contract costs. For the construction revenues that are related to concession contracts, we recognize the revenue and costs at the moment of completion of the



## Cosan Limited

### Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reais – R\$, unless otherwise stated)*

work. We routinely update our forward cost estimates for ongoing contracts and report any cumulative effects of such adjustments on current operations. We record any expected loss in these agreements when such loss it is probable. The Company recognizes revenue from logistics services in the issuance of the invoice, which is at the time of delivery of the products to Rumo to perform the service. Significant components of our revenue and cost estimates include prices and guarantees related to performance, as well as material, labor, and overhead costs. We record any expected loss in these agreements when such loss it is probable.

The Company has applied IFRS 15 in accordance with the retrospective method with cumulative transitional effect. In the evaluation of the Company, no effects of the adoption of IFRS 15, which affected these interim financial statements, were identified, except for the reclassification of commission's expenses in the amount of R\$ 18,574 to reduce the revenue previously recorded in selling expenses. In the period ended March 31, 2017, the amount of R \$ 21,673 was recorded as selling expenses.

#### **b) IFRS 9 - Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of accounting for financial instruments: (i) classification and measurement; (ii) impairment; and (iii) hedge accounting.

The Company applied IFRS 9 with the initial application date of January 1, 2018, retrospectively, except as described below:

- The Company has adopted the exception of not re-presenting comparative information from previous periods regarding the classification and measurement requirements (including impairment). Differences in the balances of financial assets and liabilities arising from the adoption of IFRS9 were recorded in retained earnings and reserves on January 1, 2018. Thus, the information presented for 2017 generally does not reflect the requirements of IFRS 9, but the requirements of IAS 39.
- Certain definitions were made based on the facts and circumstances existing at the date of initial application: i) determination of the business model in which a financial asset is held; ii) the designation and revocation of prior designations of certain financial assets and liabilities as measured at fair value through profit or loss.
- All hedge relationship designations in accordance with IAS 39 existing as of December 31, 2017 meet the hedging criteria in accordance with IFRS 9 as of January 1, 2018 and are therefore designated as continuing hedge relationships.

The effect of the adoption of IFRS 9 is as follows:

#### **Assets**

Trades receivables	R\$ (10,932)
Deferred tax	R\$ 3,584

#### **Equity**

Retained earnings	R\$ 7,348
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## Cosan Limited

### Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reals – R\$, unless otherwise stated)*

#### **(a) Classification and measurement**

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The Company recognizes its financial assets at amortized cost for financial assets that are kept within a business model with the objective of obtaining contractual cash flows that meet the "SPPI criterion." This category includes trade accounts receivable, cash and cash equivalents, restricted cash, receivables from related parties, other financial assets and dividends and interest on shareholders' equity receivable. No new measurement of financial assets was carried out.

The evaluation of the Company's business models was carried out from the date of initial application on January 1, 2018 and retrospectively applied to financial assets that were not derecognized before January 1, 2018. The assessment of whether cash flows contractual debt instruments are solely composed of principal and interest were made based on the facts and circumstances as in the initial recognition of the assets.

The accounting of the Company's financial liabilities remains basically the same as those of IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration to be treated as financial instruments measured at fair value with changes in fair value recognized in profit or loss.

The embedded derivatives are not separated from the related financial asset. Instead, financial assets are classified based on their contractual terms and the Company's business model.

The accounting of embedded derivatives in financial liabilities and in non-financial related contracts did not change from that required by IAS 39.

#### **(b) Impairment**

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

The Company recognizes a provision for expected credit loss for its accounts receivable. The simplified standard approach is applied and the expected credit losses for the entire life of the asset are calculated. The Company has established a provisioning matrix that is based on the historical experience of credit loss of each business segment, adjusted for specific prospective factors for the debtors and for the economic environment.

The adoption of the expected credit loss requirements of IFRS 9 resulted in a rise in the Company's provisions for losses of R\$ 10,932. The rise in the provision resulted in adjustment to retained earnings in the amount of R\$ 7,348.

## Cosan Limited

### Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reals – R\$, unless otherwise stated)*

#### **(c) Hedge accounting**

The Company applied the changes of hedge accounting prospectively. At the date of initial application, all of the Company's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with previous periods, the Company continued to designate the change in the fair value of the entire forward contract in the Company's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of IFRS 9 had no significant impact on the Company's consolidated interim financial statements.

According to IAS 39, all gains and losses arising from the Company's cash flow hedge relationships were eligible to be subsequently reclassified to income. However, in accordance with IFRS 9, the gains and losses resulting from cash flow hedge of the expected purchases of non-financial assets need to be incorporated into the initial book values of non-financial assets. Therefore, after the adoption of IFRS 9, the net cash flow hedge gain or loss was presented under "Other comprehensive income not being reclassified to income". This amendment applies only prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.

In the evaluation of the Company, in terms of hedge accounting, no effects of its adoption were identified in this interim financial statement.

#### **3.3 Non-cash transaction**

During the period ended March 31, 2018, the Company carried out the following transactions that did not involve cash and are therefore not reflected in the statement of cash flows:

- Forward purchase of assets for the construction of the distribution network in the amount of R\$ 14,734;
- Capital increase in subsidiary Cosan Lubrificantes e Especialidades S.A, with payment in installments, to be settle during the year, in the amount of R\$ 65,000; and
- Forward purchase of property, plant and equipment in the amount of R\$ 590.

## Cosan Limited

### Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reals – R\$, unless otherwise stated)*

#### **4 New standards and interpretations not yet effective**

The follow standard is effective for annual periods beginning after January 1, 2019, however The Company has not early adopted it in preparing these consolidated interim financial statements.

##### **a) IFRS 16 Leases**

IFRS 16 introduces a single model for the accounting of leases in the balance sheet for tenants. A lessee recognizes a right of use asset that represents his right to use the leased asset and a lease liability that represents his 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.

IFRS 16 replaces existing lease standards, including IAS 17 Leasing Operations and IFRIC 4, SIC 15 and SIC 27 Complementary Aspects of Leasing Operations.

The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted only for financial statements in accordance with IFRSs and only for entities that apply IFRS 15 Revenue from Contracts with Customers or before the date of initial application of IFRS 16.

The Company began an initial assessment of the potential impact on its financial statements. So far, the most significant impact identified is that the subsidiary Rumo will recognize new assets and liabilities for its operating leases. In the jointly-owned subsidiary Rafzen, it is expected to have significant impacts on land leases. In addition, the nature of the expenses related to these leases will be changed, since IFRS 16 replaces the line operating lease expense due to depreciation of the right of use and interest on the lease liabilities. The Company has not yet decided whether to use the optional exemptions.

As a lessee, the Company may apply the standard using a:

- i. Retrospective approach; or
- ii. Modified retrospective approach with optional practical expedients.

The lessee will apply this choice consistently to all of its leases. The Company should apply IFRS 16 initially on January 1, 2019. The Company has not yet determined which transition approach to apply.

The Company has not yet quantified the impact of adopting IFRS 16 on its assets and liabilities. The quantitative effect of the adoption of IFRS 16 will depend specifically on the transition method chosen, the use of practical expedients and recognition exemptions, and any additional leases that the Company will enter into. The Company expects to disclose its transition approach and quantitative information prior to adoption.

There are no other IFRS standards or IFRIC interpretations that have not come into effect and are expected to have a material impact on the Company.

## Cosan Limited

### Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reals – R\$, unless otherwise stated)*

#### 5 Operating segments

The following segment information is used by Cosan's senior management (the "Chief Operating Decision Maker") to assess the performance of the operating segments and to make decisions with regards to the allocation of resources. This information is prepared on a basis consistent with the accounting policies used in the preparation of the financial statements. Cosan evaluates the performance of its operating segments based on the measure of Earnings Before Interest Tax, Depreciation and Amortization ("EBITDA"). A reconciliation of EBITDA to profit (loss) is presented below.

##### Reported segments

- i. **Raízen Energia:** production and marketing of a variety of products derived from sugar cane, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment holds interests in companies engaged in research and development on new technology;
- ii. **Raízen Combustíveis:** distribution and marketing of fuels, mainly through a franchised network of service stations under the brand Shell throughout Brazil;
- iii. **Comgás:** distribution of piped natural gas to part of the State of São Paulo (approximately 180 municipalities, including the region called Greater São Paulo) to customers in the industrial, residential, commercial, automotive, thermos generation and cogeneration sectors;
- iv. **Logistic:** logistics services for transport, storage and port loading of commodities, mainly for sugar products, leasing or lending of locomotives, wagons and other railway equipment; and
- v. **Moove:** production and distribution of lubricants, through its indirect subsidiaries Cosan Lubrificantes e Especialidades S.A. ("CLE") and Stanbridge Group Limited ("Stanbridge"), under the Mobil licensed trademark in Brazil, Bolivia, Uruguay, Paraguay and Europe market, and Comma Oil & Chemicals Ltd. ("Comma") under the Comma's brand to the Europe and Asian market and corporate activities ("Moove").

##### Reconciliation

- vi. **Cosan Corporate:** other investments, in addition to the corporate activities of the Company. The Cosan Corporate segment's includes the subsidiaries responsible for raising funds for the group.

Although Raízen Energia and Raízen Combustíveis are equity accounted joint ventures and are no longer proportionally consolidated since adoption of IFRS 11, senior management continues to review segment information. A reconciliation of these segments is presented in the column "Deconsolidated effects IFRS 11."

The following statement of financial position and profit or loss selected information by segment was prepared on the same basis as the accounting practices used in the preparation of consolidated information:

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

	Reported segments					Reconciliation			Additional information		
	Raízen Energia	Raízen Combustíveis	Comgás	Moove	Logistics	Cosan Corporate	Deconsolidated effects IFRS 11	Segment eliminations / adjustments	Total consolidated	Cosan S.A	Cosan Logística
<b>Statement of profit or loss:</b>											
Net sales	4,512,938	19,494,972	1,430,876	724,572	1,396,683	400	(24,007,910)	(9,103)	3,543,428	2,155,842	1,396,683
Domestic market	2,926,654	19,494,972	1,430,876	710,294	1,350,752	400	(22,421,626)	(9,103)	3,483,219	2,141,564	1,350,752
External market	1,586,284	-	-	14,278	45,931	-	(1,586,284)	-	60,209	14,278	45,931
Cost of sales	(3,945,052)	(18,521,684)	(942,432)	(578,497)	(1,000,714)	(140)	22,466,736	9,103	(2,512,680)	(1,521,062)	(1,000,714)
Gross profit	567,886	973,288	488,444	146,075	395,969	260	(1,541,174)	-	1,030,748	634,780	395,969
Selling expenses	(155,094)	(345,102)	(154,465)	(86,776)	(3,828)	-	500,196	-	(245,069)	(241,241)	(3,828)
General and administrative expenses	(173,414)	(135,328)	(76,772)	(22,643)	(69,615)	(44,320)	308,742	-	(213,350)	(128,801)	(69,615)
Other income (expense), net	108,456	99,384	(252)	(1,109)	(4,396)	(16,904)	(207,840)	-	(22,661)	(18,265)	(4,396)
Financial results	(36,292)	(72,366)	(21,631)	(9,032)	(348,825)	(141,192)	108,658	-	(520,680)	(107,456)	(348,825)
Finance expense	(198,882)	5,972	(96,864)	(7,128)	(342,905)	(54,525)	192,910	1,538	(499,884)	(112,538)	(342,905)
Finance income	138,776	48,796	73,331	2,967	75,599	38,490	(187,572)	(1,538)	188,849	115,690	75,599
Foreign exchange losses, net	6,344	(87,080)	5,415	(1,833)	(12,973)	(66,566)	80,736	-	(75,957)	(38,086)	(12,973)
Derivatives	17,470	(40,054)	(3,513)	(3,038)	(68,546)	(58,591)	22,584	-	(133,688)	(72,522)	(68,546)
Interest in earnings of associates	(4,158)	-	-	(5,059)	1,380	326,998	4,158	(326,126)	(2,807)	(4,191)	1,380
Interest in earnings of joint ventures	-	-	-	-	-	297,657	-	-	297,657	297,657	-
Income tax (expense) benefit	(72,394)	(142,856)	(76,348)	(8,478)	(28,385)	30,160	215,250	-	(83,051)	(54,769)	(28,385)
<b>Profit (loss) from continuing operations</b>	<b>234,990</b>	<b>377,020</b>	<b>158,976</b>	<b>12,978</b>	<b>(57,700)</b>	<b>452,659</b>	<b>(612,010)</b>	<b>(326,126)</b>	<b>240,787</b>	<b>377,714</b>	<b>(57,700)</b>
<b>Total net income attributable to:</b>											
Owners of the Company	234,976	361,806	126,978	12,978	(16,225)	448,101	(596,782)	(465,528)	106,304	345,716	(16,225)
Non-controlling interests	14	15,214	31,998	-	(41,475)	4,558	(15,228)	139,402	134,483	31,998	(41,475)
	<b>234,990</b>	<b>377,020</b>	<b>158,976</b>	<b>12,978</b>	<b>(57,700)</b>	<b>452,659</b>	<b>(612,010)</b>	<b>(326,126)</b>	<b>240,787</b>	<b>377,714</b>	<b>(57,700)</b>
<b>Other selected data:</b>											
Depreciation and amortization	611,588	70,203	117,416	20,853	331,120	3,904	(681,791)	-	473,293	142,102	331,120
EBITDA	955,264	662,445	374,371	51,341	650,630	567,595	(1,617,709)	(326,126)	1,317,811	682,041	650,630
Additions to PP&E, intangible and biological assets	1,016,207	88,767	97,201	11,198	483,743	223	(1,104,974)	-	592,365	108,479	483,743
<b>Reconciliation of EBITDA:</b>											
Profit (loss) for the period	234,990	377,020	158,976	12,978	(57,700)	452,659	(612,010)	(326,126)	240,787	377,714	(57,700)
Income tax and social contribution	72,394	142,856	76,348	8,478	28,385	(30,160)	(215,250)	-	83,051	54,769	28,385
Financial result, net	36,292	72,366	21,631	9,032	348,825	141,192	(108,658)	-	520,680	107,456	348,825
Depreciation and amortization	611,588	70,203	117,416	20,853	331,120	3,904	(681,791)	-	473,293	142,102	331,120
<b>EBITDA</b>	<b>955,264</b>	<b>662,445</b>	<b>374,371</b>	<b>51,341</b>	<b>650,630</b>	<b>567,595</b>	<b>(1,617,709)</b>	<b>(326,126)</b>	<b>1,317,811</b>	<b>682,041</b>	<b>650,630</b>

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

	Reported segments					Reconciliation			Additional information		
	Raízen Energia	Raízen Combustíveis	Comgás	Moove	Logistics	Cosan Corporate	Deconsolidated effects IFRS 11	Segment eliminations / adjustments	Total consolidated	Cosan S.A	Cosan Logística
<b>Statement of profit or loss:</b>											
Net sales	2,913,237	17,698,154	1,146,266	446,697	1,199,174	179	(20,611,391)	(6,584)	2,785,732	1,593,142	1,199,174
Domestic market	1,616,999	17,698,154	1,146,266	432,171	1,115,593	179	(19,315,153)	(6,584)	2,687,625	1,578,616	1,115,593
External market	1,296,238	-	-	14,526	83,581	-	(1,296,238)	-	98,107	14,526	83,581
Cost of sales	(2,232,144)	(16,746,925)	(720,119)	(313,987)	(930,852)	(1,067)	18,979,069	6,584	(1,959,441)	(1,035,174)	(930,852)
Gross profit	681,093	951,229	426,147	132,710	268,322	(888)	(1,632,322)	-	826,291	557,968	268,322
Selling expenses	(144,302)	(314,101)	(167,787)	(87,389)	(2,355)	(51)	458,403	-	(257,582)	(255,228)	(2,355)
General and administrative expenses	(158,760)	(116,242)	(77,113)	(20,219)	(63,308)	(46,734)	275,002	-	(207,374)	(136,917)	(63,308)
Other income (expense), net	(85,294)	(45,777)	(581)	148	(2,194)	(13,413)	131,071	-	(16,040)	(13,846)	(2,194)
Financial results	135,062	(172,116)	(41,424)	(19,799)	(451,212)	(105,957)	37,054	-	(618,392)	(135,038)	(451,212)
Finance expense	(220,245)	(50,271)	(215,023)	(7,288)	(488,386)	(187,535)	270,516	-	(898,232)	(423,559)	(488,386)
Finance income	173,965	44,600	173,777	3,923	43,645	61,664	(218,565)	-	283,009	266,726	43,645
Foreign exchange losses, net	(25,387)	109,220	28,714	3,921	494	85,759	(83,833)	-	118,888	136,888	494
Derivatives	206,729	(275,665)	(28,892)	(20,355)	(6,965)	(65,845)	68,936	-	(122,057)	(115,093)	(6,965)
Interest in earnings of associates	(37,277)	-	-	(1,579)	1,746	132,735	37,277	(129,948)	2,954	1,208	1,746
Interest in earnings of joint ventures	-	-	-	-	-	255,697	-	-	255,697	255,697	-
Income tax (expense) benefit	(77,576)	(89,400)	(55,714)	(2,738)	175	14,448	166,976	-	(43,829)	(37,341)	175
<b>Profit (loss) from continuing operations</b>	<b>312,946</b>	<b>213,593</b>	<b>83,528</b>	<b>1,134</b>	<b>(248,826)</b>	<b>235,837</b>	<b>(526,539)</b>	<b>(129,948)</b>	<b>(58,275)</b>	<b>236,503</b>	<b>(248,826)</b>
<b>Total net income attributable to:</b>											
Owners of the Company	312,946	199,895	52,343	1,134	(70,922)	226,427	(512,841)	(187,867)	21,115	205,315	(70,922)
Non-controlling interests	-	13,698	31,185	-	(177,904)	9,410	(13,698)	57,919	(79,390)	31,188	(177,904)
	<b>312,946</b>	<b>213,593</b>	<b>83,528</b>	<b>1,134</b>	<b>(248,826)</b>	<b>235,837</b>	<b>(526,539)</b>	<b>(129,948)</b>	<b>(58,275)</b>	<b>236,503</b>	<b>(248,826)</b>
<b>Other selected data:</b>											
Depreciation and amortization	448,732	150,170	132,748	19,652	290,027	4,190	(598,902)	-	446,617	156,590	290,027
EBITDA	704,192	625,279	313,414	43,323	492,238	331,536	(1,329,471)	(129,948)	1,050,563	565,472	492,238
Additions to PP&E, intangible and biological assets	889,745	258,825	68,720	1,736	471,883	308	(1,148,570)	-	542,647	70,764	471,883
<b>Reconciliation of EBITDA:</b>											
Profit (loss) for the period	312,946	213,593	83,528	1,134	(248,826)	235,837	(526,539)	(129,948)	(58,275)	236,503	(248,826)
Income tax and social contribution	77,576	89,400	55,714	2,738	(175)	(14,448)	(166,976)	-	43,829	37,341	(175)
Financial result, net	(135,062)	172,116	41,424	19,799	451,212	105,957	(37,054)	-	618,392	135,038	451,212
Depreciation and amortization	448,732	150,170	132,748	19,652	290,027	4,190	(598,902)	-	446,617	156,590	290,027
<b>EBITDA</b>	<b>704,192</b>	<b>625,279</b>	<b>313,414</b>	<b>43,323</b>	<b>492,238</b>	<b>331,536</b>	<b>(1,329,471)</b>	<b>(129,948)</b>	<b>1,050,563</b>	<b>565,472</b>	<b>492,238</b>

Cosan Limited

Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

March 31, 2018

Statement of financial position:	Reported segments				Reconciliation				Additional information		
	Raízen Energia	Raízen Combustíveis	Comgás	Moove	Logistics	Cosan Corporate	Deconsolidated effects IFRS 11	Segment elimination	Total consolidated	Cosan S.A	Cosan Logística
Cash and cash equivalents	3,321,777	1,420,336	1,484,686	190,406	1,689,411	2,738,101	(4,742,113)	-	6,102,604	3,963,908	1,689,411
Marketable securities	-	-	377,107	21,294	2,616,708	533,944	-	-	3,549,053	932,173	2,616,708
Trade receivables	602,365	2,602,258	634,013	367,739	371,343	11	(3,204,623)	-	1,373,106	1,001,763	371,343
Derivative financial instruments	486,079	103,416	388,541	2,978	87,546	530,380	(589,495)	-	1,009,445	914,109	87,546
Inventories	740,435	1,882,353	71,451	276,958	294,608	2,345	(2,622,788)	-	645,362	350,754	294,608
Other financial assets	430,631	-	-	-	-	-	(430,631)	-	-	351,529	-
Other current assets	2,332,349	1,724,616	294,379	68,916	525,330	708,142	(4,056,965)	(433,228)	1,163,539	676,668	525,330
Other non-current assets	3,359,487	2,842,820	351,928	73,465	2,703,239	1,076,616	(6,202,307)	(1,237)	4,204,011	1,496,032	2,703,239
Investments in associates	346,461	-	-	6,998	40,709	12,170,646	(346,461)	(11,922,483)	295,870	255,162	40,709
Investments in joint ventures	-	-	-	-	-	8,381,775	-	-	8,381,775	8,381,775	-
Biological assets	947,815	-	-	-	-	-	(947,815)	-	-	-	-
Property, plant and equipment	11,634,189	2,318,208	-	269,031	11,450,162	141,684	(13,952,397)	-	11,860,877	407,667	11,450,162
Intangible assets and goodwill	3,600,775	2,684,024	8,460,064	873,615	7,590,534	4,980	(6,284,799)	-	16,929,193	9,338,618	7,590,534
Loans, borrowings and debentures	(10,761,097)	(2,737,672)	(3,783,922)	(678,497)	(11,283,087)	(6,231,224)	13,498,769	-	(21,976,730)	(9,045,177)	(11,283,087)
Derivative financial instruments	(241,351)	(188,237)	-	(9,073)	(6,944)	(75,565)	429,588	-	(91,582)	(84,638)	(6,944)
Trade payables	(2,007,102)	(1,741,699)	(1,467,788)	(371,333)	(512,390)	(4,478)	3,748,801	-	(2,355,989)	(1,843,576)	(512,390)
Real estate credit certificates	-	-	-	-	(59,514)	-	-	-	(59,514)	-	(59,514)
Employee benefits payable	(429,569)	(123,922)	(31,394)	(17,566)	(128,521)	(17,359)	553,491	-	(194,840)	(66,255)	(128,521)
Preferred shareholders payable in subsidiaries	-	-	-	-	-	(1,464,513)	-	-	(1,464,513)	(1,464,514)	-
Lease	-	-	-	-	(716,281)	-	-	-	(716,281)	-	(716,281)
Other current liabilities	(934,614)	(1,476,224)	(167,531)	(200,030)	(688,238)	(1,132,632)	2,410,838	434,373	(1,754,058)	(1,246,958)	(688,238)
Other non-current liabilities	(1,360,892)	(4,322,054)	(1,919,516)	(170,328)	(6,004,873)	(1,605,402)	5,682,946	87,368	(9,612,751)	(3,660,197)	(6,004,873)
Total assets (net of liabilities) allocated by segment	12,067,738	4,988,223	4,692,018	704,573	7,969,742	15,757,451	(17,055,961)	(11,835,207)	17,288,577	10,658,843	7,969,742
<b>Total assets</b>	<b>27,802,363</b>	<b>15,578,031</b>	<b>12,062,169</b>	<b>2,151,400</b>	<b>27,369,590</b>	<b>26,288,624</b>	<b>(43,380,394)</b>	<b>(12,356,948)</b>	<b>55,514,835</b>	<b>28,070,158</b>	<b>27,369,590</b>
Equity attributable to owners of the Company	12,068,707	4,761,524	3,810,644	704,573	2,197,222	15,752,697	(16,830,231)	(16,330,975)	6,134,161	9,777,469	2,197,222
Non-controlling interests	(969)	226,699	881,374	-	5,772,520	4,754	(225,730)	4,495,768	11,154,416	881,374	5,772,520
<b>Total shareholders' equity</b>	<b>12,067,738</b>	<b>4,988,223</b>	<b>4,692,018</b>	<b>704,573</b>	<b>7,969,742</b>	<b>15,757,451</b>	<b>(17,055,961)</b>	<b>(11,835,207)</b>	<b>17,288,577</b>	<b>10,658,843</b>	<b>7,969,742</b>



# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

	December 31, 2017										
<b>Statement of financial position:</b>	Reported segments					Reconciliation			Additional information		
	Raízen Energia	Raízen Combustíveis	Comgás	Moove	Logistics	Cosan Corporate	Deconsolidated effects IFRS 11	Segment elimination	Total consolidated	Cosan S.A	Cosan Logística
Cash and cash equivalents	2,069,357	1,221,890	1,727,521	192,115	179,909	2,455,632	(3,291,247)	-	4,555,177	3,150,328	179,909
Marketable securities	-	-	509,544	5,439	3,153,160	185,200	-	-	3,853,343	700,035	3,153,160
Trade receivables	688,235	2,679,114	640,682	310,006	371,718	14	(3,367,349)	-	1,322,420	950,701	371,718
Derivative financial instruments	453,775	88,496	458,476	2,581	110,107	591,049	(542,271)	-	1,162,213	1,052,105	110,107
Inventories	2,804,223	2,416,833	76,548	301,850	282,291	2,372	(5,221,056)	-	663,061	380,770	282,291
Other financial assets	476,181	-	-	-	-	1,340,000	(476,181)	-	1,340,000	1,686,718	-
Other current assets	2,114,733	1,406,945	155,815	98,419	438,369	900,345	(3,521,678)	(566,122)	1,026,826	626,672	438,369
Other non-current assets	3,373,565	1,335,986	356,962	70,055	2,770,618	1,100,740	(4,709,551)	(1,230)	4,297,145	1,521,810	2,770,618
Investments in associates	348,523	-	-	12,113	41,930	11,862,366	(348,523)	(11,615,067)	301,342	259,412	41,930
Investments in joint ventures	-	-	-	-	-	8,447,799	-	-	8,447,799	8,447,799	-
Biological assets	880,668	-	-	-	-	-	(880,668)	-	-	-	-
Investment property	10,753,205	2,329,858	-	270,229	11,266,278	145,068	(13,083,063)	-	11,681,575	412,325	11,266,278
Intangible assets and goodwill	3,669,903	4,600,777	8,471,087	873,924	7,622,969	5,630	(8,270,680)	-	16,973,610	9,350,598	7,622,969
Loans, borrowings and debentures	(10,853,768)	(2,741,312)	(4,212,504)	(589,292)	(9,670,946)	(7,216,204)	13,595,080	-	(21,688,946)	(9,674,994)	(9,670,946)
Derivative financial instruments	(250,033)	(218,888)	-	(8,293)	-	(106,792)	468,921	-	(115,085)	(114,531)	-
Trade payables	(1,341,867)	(2,124,538)	(1,444,835)	(353,474)	(628,597)	(7,089)	3,466,405	-	(2,433,995)	(1,805,385)	(628,597)
Real estate credit certificates	-	-	-	-	(86,745)	-	-	-	(86,745)	-	(86,745)
Employee benefits payable	(356,155)	(94,158)	(59,059)	(34,125)	(166,864)	(31,032)	450,313	-	(291,080)	(124,017)	(166,864)
Preferred shareholders payable in subsidiaries	-	-	-	-	-	(1,442,679)	-	-	(1,442,679)	(1,442,679)	-
Leases	-	-	-	-	(944,138)	-	-	-	(944,138)	-	(944,138)
Other current liabilities	(1,412,872)	(1,387,037)	(358,430)	(237,302)	(778,049)	(1,237,815)	2,799,909	567,352	(2,044,244)	(1,449,477)	(778,049)
Other non-current liabilities	(1,345,322)	(4,392,359)	(1,782,718)	(212,710)	(5,938,422)	(1,663,907)	5,737,681	79,571	(9,518,186)	(3,630,926)	(5,938,422)
Total assets (net of liabilities) allocated by segment	12,072,351	5,121,607	4,539,089	701,535	8,023,588	15,330,697	(17,193,958)	(11,535,496)	17,059,413	10,297,264	8,023,588
<b>Total assets</b>	<b>27,632,368</b>	<b>16,079,899</b>	<b>12,396,635</b>	<b>2,136,731</b>	<b>26,237,349</b>	<b>27,036,215</b>	<b>(43,712,267)</b>	<b>(12,182,419)</b>	<b>55,624,511</b>	<b>28,539,273</b>	<b>26,237,349</b>
	-	-	-	-	-	-	-	-	-	-	-
Equity attributable to owners of the Company	12,073,314	4,888,966	3,688,494	701,535	2,211,005	15,330,321	(16,962,280)	(15,892,598)	6,038,757	9,446,669	2,211,005
Non-controlling interests	(963)	232,641	850,595	-	5,812,583	376	(231,678)	4,357,102	11,020,656	850,595	5,812,583
<b>Total shareholders' equity</b>	<b>12,072,351</b>	<b>5,121,607</b>	<b>4,539,089</b>	<b>701,535</b>	<b>8,023,588</b>	<b>15,330,697</b>	<b>(17,193,958)</b>	<b>(11,535,496)</b>	<b>17,059,413</b>	<b>10,297,264</b>	<b>8,023,588</b>

Cosan Limited

Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

Net sales by segment:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
<b>Reported segment</b>		
<b>Raízen Energia</b>		
Ethanol	2,423,694	1,530,562
Sugar	1,350,250	1,291,726
Gas	121,722	-
Cogeneration	108,995	41,098
Other	508,277	49,851
	<u>4,512,938</u>	<u>2,913,237</u>
<b>Raízen Combustíveis</b>		
Fuels	19,494,972	17,698,154
	<u>19,494,972</u>	<u>17,698,154</u>
<b>Comgás</b>		
Industrial	941,881	760,263
Residential	190,196	151,485
Cogeneration	58,675	47,723
Automotive	55,194	51,256
Commercial	81,550	67,679
Construction revenue	89,493	56,327
Other	13,887	11,533
	<u>1,430,876</u>	<u>1,146,266</u>
<b>Moove</b>		
Finished goods	646,081	381,223
Basic oil	71,009	57,521
Services	7,482	7,953
	<u>724,572</u>	<u>446,697</u>
<b>Logistics</b>		
Northern operations	1,053,358	914,200
Southern operations	288,153	237,100
Container operations	55,172	47,874
	<u>1,396,683</u>	<u>1,199,174</u>
<b>Reconciliation</b>		
<b>Cosan Corporate</b>	<u>400</u>	<u>179</u>
IFRS 11 - Deconsolidated of adjustments/eliminations joint ventures and eliminations	(24,017,013)	(20,617,975)
<b>Total</b>	<u><u>3,543,428</u></u>	<u><u>2,785,732</u></u>

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>At a point in time</b>		
Fuels	22,040,388	19,228,716
Sugar	1,350,250	1,291,726
Gas distribution	1,327,496	1,078,406
Lubricants and basic oil	717,090	438,744
Cogeneration	108,995	41,098
Construction revenue	89,493	56,327
Other	522,564	61,563
	<b>26,156,276</b>	<b>22,196,580</b>
<b>Over time</b>		
Transportation	59,896	60,544
Port Elevation	1,233,478	1,032,346
Other services	110,791	114,237
	<b>1,404,165</b>	<b>1,207,127</b>
IFRS 11 - Deconsolidated of adjustments/eliminations joint ventures and eliminations	(24,017,013)	(20,617,975)
<b>Total of net sales</b>	<b>3,543,428</b>	<b>2,785,732</b>

## 6 Cash and cash equivalents

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Cash and bank deposits	262,523	53,525
Savings account	555,657	2,115,562
Financial investments	5,284,424	2,386,090
	<b>6,102,604</b>	<b>4,555,177</b>

Financial investments are composed as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>Investment fund</b>		
Repurchase agreements	2,639,797	1,474,509
Bank certificate of deposits - CDB	384,364	377,605
	<b>3,024,161</b>	<b>1,852,114</b>
<b>Bank investments</b>		
Repurchase agreements	45,255	160,124
Bank certificate of deposits - CDB	1,158,668	367,988
Other	1,056,340	5,864
	<b>2,260,263</b>	<b>533,976</b>
	<b>5,284,424</b>	<b>2,386,090</b>

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

#### 7 Marketable securities and Restricted cash

##### Marketable securities

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Government security <sup>(i)</sup>	3,360,745	3,640,726
Bank certificate of deposits - CDB <sup>(ii)</sup>	188,308	212,617
	<u><b>3,549,053</b></u>	<u><b>3,853,343</b></u>

##### Restricted cash

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Investments linked to loans	69,666	93,251
Securities pledged as collateral	127,062	132,383
	<u><b>196,728</b></u>	<u><b>225,634</b></u>

- (i) Investments in government securities are carried out through exclusive investment funds. These bonds are remunerated at Selic and maturity between one and seven years, when asked to redeem the quotas for conversion into cash by the Company, the fund manager may trade them in an active secondary market with high liquidity.
- (ii) Bank certificates of deposits classified as held-for-trading have stated interest rates connected to CDI and mature in two to five years.

#### 8 Trade receivables

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Domestic – Brazilian Reais	1,458,669	1,388,837
Export – Foreign currency	44,871	54,635
Allowance for doubtful accounts	(130,434)	(121,052)
	<u><b>1,373,106</b></u>	<u><b>1,322,420</b></u>
<b>Current</b>	<u><b>1,331,779</b></u>	<u><b>1,277,766</b></u>
<b>Non-current</b>	<u><b>41,327</b></u>	<u><b>44,654</b></u>

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

### 9 Other current tax receivables

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
ICMS - State VAT	496,996	477,160
ICMS CIAP - State VAT <sup>(i)</sup>	165,434	214,745
Credit installment	39,164	38,926
PIS - Revenue tax	83,778	73,214
COFINS - Revenue tax	302,258	278,512
Other	40,052	23,673
	<u>1,127,682</u>	<u>1,106,230</u>
<b>Current</b>	<u>355,103</u>	<u>327,410</u>
<b>Non-Current</b>	<u>772,579</u>	<u>778,820</u>

(i) ICMS – Tax credit arising from acquisition of fixed assets.

### 10 Related parties

#### a) Receivables from and payables to related parties:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<b>Current Asset</b>		
<b>Commercial operation</b>		
Raízen Energia S.A.	43,795	22,283
Aguassanta Participações S.A.	17	17
Raízen Combustíveis S.A.	15,131	6,094
Other	3,941	1,665
	<u>62,884</u>	<u>30,059</u>
<b>Non-current assets</b>		
<b>Commercial operations</b>		
Raízen Combustíveis S.A.	20,259	18,086
<b>Receivables under the framework agreement</b>		
Janus Brasil Participações S.A.	30,423	30,423
Raízen Energia S.A.	47,269	87,969
	<u>77,692</u>	<u>118,392</u>
<b>Financial and corporation operations</b>		
Rezende Barbosa	27,744	31,444
Other	2,834	1,833
	<u>30,578</u>	<u>33,277</u>
	<u>128,529</u>	<u>169,755</u>

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<b>Current liabilities</b>		
<b>Corporate operations</b>		
Raízen Energia S.A.	207,643	198,198
Raízen Combustíveis S.A.	136,846	128,189
Other	2,208	1,876
	<u><b>346,697</b></u>	<u><b>328,263</b></u>

### b) Related party transactions:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
<b>Sales of goods and services</b>		
Raízen Combustíveis S.A.	38,570	35,817
Raízen Energia S.A.	77,858	77,739
Others	7,439	-
	<u><b>123,867</b></u>	<u><b>113,556</b></u>
<b>Purchase of goods / Inputs</b>		
Raízen Energia S.A.	(14)	(14)
Raízen Combustíveis S.A.	(252,505)	(203,851)
	<u><b>(252,519)</b></u>	<u><b>(203,865)</b></u>
<b>Shared expense</b>		
Raízen Energia S.A.	(18,525)	(17,135)
<b>Financial result</b>		
Raízen Energia S.A.	2,051	284
Other	(59)	(204)
	<u><b>1,992</b></u>	<u><b>80</b></u>

### c) Officers' and directors' compensation

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Short-term benefits to officers and directors	16,149	25,558
Post-employment benefits	71	265
Other long-term benefits	35	130
Share-based payment transactions	12,404	2,845
	<u><b>28,659</b></u>	<u><b>28,798</b></u>

Cosan Limited

Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

**11 Investments in associates**

**a) Information in associates of the Company and the Company's ownership:**

	<b>Shares issued by the associate</b>	<b>Shares held by Cosan</b>	<b>Cosan ownership interest</b>			<b>Economic benefits %</b>		
	<b>January 1, 2018</b>	<b>Interest in earnings (losses) of associates</b>	<b>Other comprehensive income</b>	<b>Dividends</b>	<b>Other</b>	<b>March 31, 2018</b>	<b>Interest in earnings (losses) of associates in March 31, 2017</b>	
Tellus Brasil Participações S.A.	65,957,282	33,638,214	51.00%			5.00%		
Novvi Limited Liability Company	620,002	200,000	32.26%			32.26%		
Janus Brasil Participações S.A.	1,907,000	934,430	51.00%			5.00%		
Radar Propriedades Agrícolas S.A	1,735,703	531,125	51.00%			3.00%		
Radar II Propriedades Agrícolas S.A	81,440,221	24,920,708	51.00%			3.00%		
Usina Santa Luiza S.A	28,553,200	9,516,782	33.33%			33.33%		
<b>Investments in associates</b>								
Tellus Brasil Participações S.A.	98,723	716	-	-	-	99,439	961	
Novvi Limited Liability Company	11,756	(5,008)	(1)	-	-	6,747	(1,579)	
Janus Brasil Participações S.A.	51,426	933	-	-	-	52,359	1,006	
Radar Propriedades Agrícolas S.A	57,532	329	27	-	-	57,888	414	
Radar II Propriedades Agrícolas S.A	31,126	245	6	-	-	31,377	279	
Usina Santa Luiza S.A	4,389	(1,411)	-	-	-	2,978	-	
Other	46,390	1,389	-	(2,601)	(96)	45,082	1,873	
<b>Total</b>	<b>301,342</b>	<b>(2,807)</b>	<b>32</b>	<b>(2,601)</b>	<b>(96)</b>	<b>295,870</b>	<b>2,954</b>	

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### b) Information in the non-controlling interests in subsidiaries of the Company:

	Shares issued by the associate	Shares held by non- controlling shareholders	Non- controlling interest						
	January 1, 2018	Interest in earnings (losses) of associates	Change of shareholding interest in subsidiary	Other comprehensive income (losses)	Dividends	New standards adopted by the Company - Note 3.2	Other	March 31, 2018	Interest in earnings (losses) of associates in March 31, 2017
Cosan S.A.	407,904,353	170,101,721	41.70%						
Cosan Logística S.A.	463,224,241	127,232,847	27.47%						
Companhia de Gás de São Paulo - Comgás	130,038,279	26,171,755	20.13%						
Rumo S.A.	1,559,015,898	1,088,431,798	69.82%						
Logisport Armazéns Agrícolas S.A.	2,040,816	1,000,000	49.00%						
Cosan S.A.	3,795,050	143,862	174	(6,457)	-	(2,121)	6,504	3,937,012	80,601
Cosan Logística S.A.	607,284	(4,460)	493	153	-	(77)	595	603,988	(19,584)
Companhia de Gás de São Paulo - Comgás	850,595	31,998	-	-	-	(1,280)	61	881,374	31,185
Rumo S.A.	5,732,763	(41,637)	-	1,399	(510)	(707)	1,230	5,692,538	(177,688)
Logisport Armazéns Agrícolas S.A.	34,588	162	-	-	-	-	-	34,750	(216)
Other	376	4,558	-	-	(450)	-	270	4,754	6,312
<b>Total</b>	<b>11,020,656</b>	<b>134,483</b>	<b>667</b>	<b>(4,905)</b>	<b>(960)</b>	<b>(4,185)</b>	<b>8,660</b>	<b>11,154,416</b>	<b>(79,390)</b>



## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### 12 Investments in joint ventures

The Company entered into an agreement to form two joint ventures, accounting for 50% of the economic benefits of the companies. They are:

	<b>Raízen Combustíveis S.A.</b>	<b>Raízen Energia S.A.</b>	<b>Total</b>
Shares issued by the joint venture	3,303,168,484	5,902,595,634	
Shares held by Cosan	1,651,584,242	2,951,297,817	
<b>Cosan ownership interest</b>	<b>50%</b>	<b>50%</b>	
Interest in earnings of joint ventures at March 31, 2017	99,589	156,108	<b>255,697</b>
<b>January 1, 2018</b>	<b>3,185,988</b>	<b>5,261,811</b>	<b>8,447,799</b>
Interest in earnings of joint ventures	180,906	116,751	297,657
Other comprehensive income	17,390	(14,147)	3,243
Interest on capital	(15,500)	-	(15,500)
Dividends	(246,513)	(104,911)	(351,424)
<b>March 31, 2018</b>	<b>3,122,271</b>	<b>5,259,504</b>	<b>8,381,775</b>

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in Note 5, Segments.

Pursuant to the terms of the Raízen Joint Venture - Framework Agreement, Cosan is responsible for certain legal proceedings that existed prior to the formation of Raízen, net of judicial deposits as of April 1, 2011, as well as tax installments under the REFIS (tax amnesty and refinancing program), recorded in “Other taxes payable.” Additionally, Cosan granted access to Raízen a credit line (stand-by facility) in the amount of U.S.\$ 350,000 thousand, which was unused at March 31, 2018.

In November 2016, Cosan S.A. and Shell executed amendments to certain agreements between them to remove the fixed date call options over Raízen Energia and Raízen Combustíveis shares exercisable in 2021 and 2026, and replace them with certain call and put options exercisable by Shell or Cosan S.A. upon the occurrence of certain events including, among others: (i) fundamental breaches of the obligations provided for in the agreements governing the Joint Venture; (ii) breach of anticorruption laws, (iii) insolvency or bankruptcy of a party, (iv) change of control, and (v) other. Moreover, Cosan S.A. and Shell agreed to renew the existing lock-up period for five years from the date of the execution of the amendment, following which the parties may sell their shares in each of Raízen Energia and Raízen Combustíveis subject to compliance with certain preemption rights in each other’s favor. As of March 31, 2018, the Company was in compliance with these events.

Cosan Limited

Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

**13 Property, plant and equipment**

	<b>Land, buildings and improvements</b>	<b>Machinery, equipment and facilities</b>	<b>Railcars and locomotives (ii)</b>	<b>Permanent railways (i)</b>	<b>Construction in progress</b>	<b>Other</b>	<b>Total</b>
<b>Cost</b>							
<b>At January 1, 2018</b>	<b>1,070,095</b>	<b>874,398</b>	<b>6,095,595</b>	<b>5,136,116</b>	<b>986,102</b>	<b>340,576</b>	<b>14,502,882</b>
Additions	(10)	(15)	104	-	487,364	607	488,050
Disposals	-	(2,412)	(2,501)	-	(153)	(1,333)	(6,399)
Transfers	18,760	47,518	57,306	147,779	(280,974)	3,028	(6,583)
<b>At March 31, 2018</b>	<b>1,088,845</b>	<b>919,489</b>	<b>6,150,504</b>	<b>5,283,895</b>	<b>1,192,339</b>	<b>342,878</b>	<b>14,977,950</b>
<b>Depreciation</b>							
<b>At January 1, 2018</b>	<b>(297,499)</b>	<b>(344,146)</b>	<b>(1,245,651)</b>	<b>(949,777)</b>	-	<b>15,766</b>	<b>(2,821,307)</b>
Additions	(10,529)	(29,729)	(146,777)	(109,189)	-	(7,411)	(303,635)
Disposals	-	2,412	2,496	-	-	1,289	6,197
Transfers	103	-	-	-	-	1,569	1,672
<b>At March 31, 2018</b>	<b>(307,925)</b>	<b>(371,463)</b>	<b>(1,389,932)</b>	<b>(1,058,966)</b>	-	<b>11,213</b>	<b>(3,117,073)</b>
<b>At January 1, 2018</b>	<b>772,596</b>	<b>530,252</b>	<b>4,849,944</b>	<b>4,186,339</b>	<b>986,102</b>	<b>356,342</b>	<b>11,681,575</b>
<b>At March 31, 2018</b>	<b>780,920</b>	<b>548,026</b>	<b>4,760,572</b>	<b>4,224,929</b>	<b>1,192,339</b>	<b>354,091</b>	<b>11,860,877</b>

(i) Leasehold improvements and finance leases included.

(ii) On March 31, 2018, wagons and locomotives in the amount of R\$ 745,203 (R\$ 743,203 on December 31, 2017) were placed on bail to guarantee bank loans (Note 15).

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

#### 14 Intangible assets and goodwill

	Goodwill	Concession rights	Operating license	Trademarks	Customer relationships	Other	Total
<b>Cost:</b>							
<b>At January 1, 2018</b>	<b>851,885</b>	<b>17,433,267</b>	<b>435,624</b>	<b>252,474</b>	<b>989,387</b>	<b>426,948</b>	<b>20,389,585</b>
Additions	-	91,704	-	-	16,939	9,482	118,125
Disposals	-	(18,002)	-	-	(1,796)	(61)	(19,859)
Transfers	-	(86)	-	-	-	4,593	4,507
Business combination <sup>(i)</sup>	8,111	-	-	-	-	-	8,111
<b>At March 31, 2018</b>	<b>859,996</b>	<b>17,506,883</b>	<b>435,624</b>	<b>252,474</b>	<b>1,004,530</b>	<b>440,962</b>	<b>20,500,469</b>
<b>Amortization</b>							
<b>At January 1, 2018</b>	<b>-</b>	<b>(2,004,657)</b>	<b>(212,616)</b>	<b>(205,443)</b>	<b>(787,426)</b>	<b>(205,833)</b>	<b>(3,415,975)</b>
Additions	-	(119,296)	(2,935)	(5,707)	(26,714)	(15,110)	(169,762)
Disposals	-	12,892	-	-	1,503	61	14,456
Transfers	-	-	-	-	-	5	5
<b>At March 31, 2018</b>	<b>-</b>	<b>(2,111,061)</b>	<b>(215,551)</b>	<b>(211,150)</b>	<b>(812,637)</b>	<b>(220,877)</b>	<b>(3,571,276)</b>
<b>At January 1, 2018</b>	<b>851,885</b>	<b>15,428,610</b>	<b>223,008</b>	<b>47,031</b>	<b>201,961</b>	<b>221,115</b>	<b>16,973,610</b>
<b>At March 31, 2018</b>	<b>859,996</b>	<b>15,395,822</b>	<b>220,073</b>	<b>41,324</b>	<b>191,893</b>	<b>220,085</b>	<b>16,929,193</b>

(i) On October 31, 2017, Cosan, through its indirect subsidiary Comma Oil (“Comma”), acquired full control of Stanbridge Group Limited. For the period ended March 31, 2018, the Company revalued the fair value of the transaction and generated an additional consideration in the amount of R\$ 8,111. In addition, after had met the contractual conditions and reviewed the fair value of the transaction, the remaining balance and the additional consideration, in the amount of R\$ 35,869, were settled in cash.

#### Capitalization of borrowing costs

Capitalized borrowing costs for the period ended March 31, 2018, amounted to R\$ 2,123 (R\$ 2,136 for the period ended March 31, 2017). The weighted average interest rate used to capitalize borrowing costs on the balance of concession right, was 8.11% p.a. for the period ended March 31, 2018 (10.41% p.a. for the period ended March 31, 2017).

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

<b>Intangible assets (excluding goodwill)</b>	<b>Annual rate of amortization - %</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Gas distribution concession - Comgás <sup>(i)</sup>	Concession term	8,194,952	8,197,514
Concession rights - Rumo <sup>(ii)</sup>	Concession term	7,200,870	7,231,096
		<b>15,395,822</b>	<b>15,428,610</b>
Operating license for port terminal <sup>(iii)</sup>	4.00	220,073	223,008
Trademarks			
<i>Mobil</i>	10.00	17,120	22,827
<i>Comma</i>	-	24,204	24,204
		<b>41,324</b>	<b>47,031</b>
Relationship with customers:			
Comgás	20.00	162,115	174,458
Lubricants	6.00	29,778	27,503
		<b>191,893</b>	<b>201,961</b>
Other			
Software license	20.00	164,424	167,520
Other		55,661	53,595
		<b>220,085</b>	<b>221,115</b>
<b>Total</b>		<b>16,069,197</b>	<b>16,121,725</b>

(i) Refers to the intangible asset for the public gas distribution service concession, which represents the right to charge users for the supply of gas, comprised of: (i) the concession rights recognized in the business combination and (ii) concession assets;

(ii) Refers to the concession right agreement of Rumo Malha Norte, which will be amortized until the end of the concession in 2079;

(iii) Port operating license and customer relationships of Rumo, from the business combinations.

#### **Impairment testing of cash-generating units (“CGU”) goodwill**

The Company annually tests recoverable amounts of goodwill arising from business combination operations. Property, plant and equipment and defined-intangible assets that are subject to depreciation and amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

### 15 Loans, borrowings and debentures

Description <sup>(i)</sup>	Interest		March 31, 2018	December 31, 2017	Maturity
	Index at March 31, 2018	Annual interest			
<b>Loan and borrowings</b>					
BNDES	URTJLP	8.58%	2,124,060	2,270,055	Jun-29
	Fixed	5.27%	1,228,146	1,281,416	Dec-24
	TJ462	9.62%	443,946	485,807	Oct-20
	Selic	8.32%	205,105	221,222	Oct-20
	Selic	8.49%	67,710	66,794	Jun-23
	TJLP	8.81%	120,107	120,573	Jun-23
	Selic	13.65%	3,879	4,075	Sep-20
	Fixed	3.78%	2,407	2,695	Jan-24
	IPCA	11.55%	2,922	2,840	Nov-21
EIB	U.S.\$	3.88%	125,990	127,190	Jun-20
	U.S.\$	2.94%	58,593	70,611	Sep-20
	U.S.\$ + LIBOR	2.14%	138,038	138,778	May-21
	U.S.\$ + LIBOR	2.91%	127,895	149,386	Sep-21
Foreign loans	GBP + Libor	3.77%	329,724	312,642	Dec-19
	GBP + Libor	2.09%	164,001	157,432	Nov-19
NCE	112% of CDI	7.18%	60,987	59,858	Dec-18
	126% of CDI	8.12%	504,296	-	Dec-23
	CDI + 3.50%	10.11%	295,295	294,968	Dec-18
	125% of CDI	8.05%	645,377	644,766	Dec-23
Perpetual Notes	U.S.\$	8.25%	1,682,847	1,674,847	-
Resolution 4131	U.S.\$	3.05%	132,990	68,305	Oct-20
	U.S.\$ + Libor	4.79%	51,719	50,868	Nov-19
	U.S.\$	2.40%	-	415,762	Mar-18
Senior Notes Due 2018	Fixed	9.50%	-	168,052	Mar-18
Senior Notes Due 2023	U.S.\$	5.00%	326,725	339,665	Mar-23
Senior Notes Due 2027	U.S.\$	7.00%	2,402,366	2,530,443	Jan-27
Senior Notes Due 2024	U.S.\$	7.38%	2,448,631	2,570,622	Feb-24
Senior Notes Due 2024	U.S.\$	5.95%	1,648,466	1,664,850	Sep-24
Senior Notes Due 2025	U.S.\$	5.88%	1,654,187	-	Jan-25
FINEP	Fixed	5.00%	93,118	93,058	Nov-22
Trade banks	CDI + 4.91% p.a.	12.14%	36	98,117	Jun-19
	Fixed U.S.\$	5.38%	88,753	95,040	Dec-21
Working capital	CDI + 2.80% p.a.	9.88%	-	391,693	Dec-18
	CDI + 2.95% p.a.	10.04%	-	286,463	Dec-18
	CDI + 0.31% p.m.	10.93%	-	1,117	Jan-18
	CDI + 0.33% p.m.	11.20%	-	3,345	Mar-18
	120% of CDI	7.72%	21,632	21,221	May-18
	120,85% of CDI	7.77%	10,641	10,440	Jul-18
	120,75% of CDI	7.77%	20,320	20,879	Jul-18
	122% of CDI	7.85%	15,112	-	Feb-19
Bank overdrafts	125,5% of CDI	8.03%	33	94	Aug-18
Prepayment	U.S.\$+Libor	4.24%	9,998	10,039	Apr-18
			<b>17,256,052</b>	<b>16,926,028</b>	

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

Description <sup>(i)</sup>	Interest		March 31, 2018	December 31, 2017	Maturity
	Index at March 31, 2018	Annual interest			
<b>Debentures</b>					
Non-convertible debentures	CDI + 2.05% p.a.	8.57%	152,370	152,573	Apr-18
	CDI + 3.50% p.a.	10.11%	1,394,183	1,359,125	Jun-23
	IPCA + 5.10%	8.84%	370,251	363,894	Sep-18
	IPCA + 5.57%	9.33%	203,642	197,923	Sep-20
	IPCA + 7.14%	10.95%	301,508	293,312	Dec-20
	IPCA + 7.48%	11.31%	271,277	263,701	Dec-22
	IPCA + 7.36%	11.18%	89,399	86,927	Dec-25
	IPCA + 5.87%	9.64%	769,922	726,827	Dec-23
	IPCA + 4.33%	8.04%	405,033	396,328	Oct-24
	108 % of CDI	6.92%	167,906	171,515	Jul-18
	Fixed	13.13%	-	163,750	-
	128 % of CDI	8.25%	509,682	499,576	Dec-25
	CDI + 0.90%	7.35%	85,505	87,467	Sep-19
			<b>4,720,678</b>	<b>4,762,918</b>	
<b>Total</b>			<b>21,976,730</b>	<b>21,688,946</b>	
<b>Current</b>			<b>2,616,958</b>	<b>3,903,392</b>	
<b>Non-current</b>			<b>19,359,772</b>	<b>17,785,554</b>	

- (i) The Company's debts with national and international development agencies have bank guarantees. Guarantees are contracted with first-tier banks guaranteeing the total amount of debt.

The carrying amounts of loans, borrowings and debentures are denominated in the following currencies:

	March 31, 2018	December 31, 2017
Reais (R\$)	10,585,806	11,312,466
Dollar (U.S.\$) <sup>(i)</sup>	10,897,198	9,906,406
Pound (GBP)	493,726	470,074
	<b>21,976,730</b>	<b>21,688,946</b>

- (i) At March 31, 2018, all dated debts denominated in U.S. Dollars, in the subsidiaries, have currency risk protection through derivatives (Note 26).

Below are the movements that occurred for the period ended March 31, 2018.

<b>At January 1, 2018</b>	<b>21,688,946</b>
Raised	2,176,875
Payment	(2,265,518)
Interest, exchange rate and fair value	376,427
<b>At March 31, 2018</b>	<b>21,976,730</b>

## Cosan Limited

### Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reals – R\$, unless otherwise stated)*

#### **Resolution 4,131**

On March 9, 2018, Moove, a wholly-owned subsidiary of the Company, obtained a loan from Bank of America Merrill Lynch in the amount of U.S.\$ 20,000 thousands with maturity on February 20, 2020 and interest at  $\text{libor} + 1.00\% \text{ p.a.}$

#### **Working Capital**

On February 23, 2018, Cosan Biomassa, a wholly-owned subsidiary of the Company, obtained a loan in the amount of R\$ 15,000 from Banco ABC with maturity on February 18, 2019 and a fixed interest rate of 122.00% of CDI.

#### **Senior Notes 2025**

On February 9, 2018, through its subsidiary, Rumo Luxembourg, the Company issued debt securities in the international market, Senior Notes due 2025 ("Notes 2025") in the total amount of U.S.\$ 500,000 thousands, with maturity in January 2025 and interest of 5.87% p.a, paid semi-annually. This debt is protected by exchange and interest rate swaps.

#### **NCE Bradesco 2023**

On January 26, 2018, through its subsidiary, Rumo Malha Norte SA, the Company raised funds from Banco Bradesco, through an Export Credit Note, in the total amount of R\$ 500,000, due in December 2023 with interest of 126% of CDI, paid semi-annually.

#### **Available credit line**

##### ➤ **BNDES**

As of March 31, 2018, the subsidiary Cosan Logística had available credit lines from BNDES, which were not used, in the total amount of R\$ 94,217 (R\$ 94,220 on December 31, 2017).

As of March 31, 2018, the subsidiary Cosan S.A had available credit lines, which were not used, in the total amount of R\$ 279,000. (R\$ 288,000 on December 31, 2017).

##### ➤ **Standby by facilities**

As of March 31, 2018 and December 31, 2017, the subsidiary Cosan S.A had available credit lines from three different Brazilian financial institutions, which were not used, in the total amount of R\$ 501,000.

#### **Financial Covenants**

The Company is subject to certain restrictive clauses in most of the loan and financing agreements, based on certain financial and non-financial indicators. The Company evaluates the financial covenants as of December 31, 2018.

At March 31, 2018, the Company was in compliance with all debt financial covenants.

Cosan Limited

Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

**16 Leases**

*Finance lease liabilities*

Finance lease liabilities are payable as follows:

	<b>March 31, 2018</b>			<b>Total</b>	<b>December</b>
	<b>Less than one year</b>	<b>Between one and five years</b>	<b>More than five years</b>		<b>31, 2017</b>
					<b>Total</b>
<b>Future value of minimum payments</b>					
<b>lease payments</b>	<b>248,934</b>	<b>504,076</b>	<b>227,913</b>	<b>980,923</b>	<b>1,250,860</b>
Rolling stock	222,978	424,172	150,141	797,291	1,060,759
Terminal	23,400	77,479	77,772	178,651	184,484
Other	2,556	2,425	-	4,981	5,617
<b>Interests</b>	<b>(69,232)</b>	<b>(153,826)</b>	<b>(41,584)</b>	<b>(264,642)</b>	<b>(306,722)</b>
Rolling stock	(55,868)	(119,789)	(27,329)	(202,986)	(241,509)
Terminal	(12,993)	(33,863)	(14,255)	(61,111)	(64,528)
Other	(371)	(174)	-	(545)	(685)
<b>Present value of minimum lease payments</b>	<b>179,702</b>	<b>350,250</b>	<b>186,329</b>	<b>716,281</b>	<b>944,138</b>
<b>Current</b>				<b>179,702</b>	<b>261,344</b>
<b>Non-current</b>				<b>536,579</b>	<b>682,794</b>

Below are the movements that occurred for the period ended March 31, 2018.

<b>At January 1, 2018</b>	<b>944,138</b>
Interest, exchange rate and fair value	78,239
Payment of principal	(262,602)
Payment of interest	(43,494)
<b>At March 31, 2018</b>	<b>716,281</b>



## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### Operating leases

At March 31, 2018, the future minimum lease payments under non-cancellable leases are as follows:

	<b>March 31, 2018</b>				<b>December 31, 2017</b>
	<b>Total future minimum payments</b>				<b>Total</b>
	<b>Less than one year</b>	<b>Between one and five years</b>	<b>More than five years</b>	<b>Total</b>	
Locomotives	565	976	-	1,541	1,695
Rail cars	7,457	25,433	4,474	37,364	38,449
Other	3,024	8,123	4,639	15,786	16,058
<b>Total</b>	<b>11,046</b>	<b>34,532</b>	<b>9,113</b>	<b>54,691</b>	<b>56,202</b>

The leases are recognized as expenses (Note 24) on a straight-line basis over the life of the respective agreement.

## 17 Concessions payable

	<b>March 31, 2018</b>			<b>December 31, 2017</b>
	<b>Leases</b>	<b>Concessions</b>	<b>Total</b>	<b>Total</b>
<b>Payables</b>				
Rumo Malha Sul	34,946	29,308	64,254	65,550
Rumo Malha Paulista	28,075	3,324	31,399	48,139
	<b>63,021</b>	<b>32,632</b>	<b>95,653</b>	<b>113,689</b>
<b>Court Discussion</b>				
Rumo Malha Paulista	1,574,245	16,087	1,590,332	1,535,470
Rumo Malha Oeste	1,237,934	75,821	1,313,755	1,284,175
	<b>2,812,179</b>	<b>91,908</b>	<b>2,904,087</b>	<b>2,819,645</b>
<b>Total</b>	<b>2,875,200</b>	<b>124,540</b>	<b>2,999,740</b>	<b>2,933,334</b>
<b>Current</b>			<b>27,676</b>	<b>27,413</b>
<b>Non-current</b>			<b>2,972,064</b>	<b>2,905,921</b>

Judicial deposits at March 31, 2018 concerning the above claims totaled:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Rumo Paulista	119,806	119,806
Rumo Oeste	20,690	20,690
	<b>140,496</b>	<b>140,496</b>

The judicial deposits are recorded in the “regulatory” group, as described in note 21.

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### 18 Trade payables

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Natural gas suppliers	1,637,466	1,563,930
Materials and service suppliers	995,820	1,162,496
Fuels and lubricants suppliers	1,223	1,814
Judicial deposits <sup>(i)</sup>	(294,976)	(294,976)
Other	16,456	731
	<u><b>2,355,989</b></u>	<u><b>2,433,995</b></u>

- (i) There are ongoing proceeding between Comgás and its gas supplier. The gas supplier is charging different prices comparing to the gas supply market. At March 31, 2018, the balance of the judicial discussion is R\$ 1,159,721 (R\$ 1,154,603 on December 31, 2017). The amount is secured by judicial deposit R\$ 294,976 (R\$ 294,976 on December 31, 2017) and the guaranteed value through surety is of R\$ 864,745 (R\$ 859,627 on December 31, 2017).

#### 19 Other taxes payable

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Tax amnesty and refinancing program - Refis	219,552	229,745
ICMS – State VAT	132,234	121,550
COFINS - Revenue tax	65,289	146,641
PIS - Revenue tax	7,969	31,563
INSS - Social security	6,563	7,697
ISS - Services tax	3,610	4,494
IOF - Financial tax	1,600	2,224
Other	23,056	36,601
	<u><b>459,873</b></u>	<u><b>580,515</b></u>
<b>Current</b>	<u><b>301,685</b></u>	<u><b>418,878</b></u>
<b>Non-Current</b>	<u><b>158,188</b></u>	<u><b>161,637</b></u>

Cosan Limited

Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

**20 Income tax and social contribution**

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

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Profit (loss) before taxes	323,838	(14,446)
Income tax and social contribution at nominal rate (34%)	(110,105)	4,912
<i>Adjustments to reconcile nominal and effective tax rate</i>		
Interest in earnings of investees (non-taxable income)	100,249	87,941
Differences in tax rates on earnings / losses of overseas companies	(35,370)	(38,150)
Granted income tax incentive	4,830	3,965
Share-based payment transactions	(1,035)	(966)
Interest on shareholders' equity	(5,270)	(5,780)
Non-deductible expenses (donations, gifts, etc.)	(1,211)	(6,671)
Tax losses not recorded <sup>(i)</sup>	(39,250)	(91,210)
Goodwill amortization effect	463	4,599
Tax effects of discounts granted - PERT	110	-
Other	3,538	(2,469)
<b>Income tax and social contribution (expense) - current and deferred</b>	<u><b>(83,051)</b></u>	<u><b>(43,829)</b></u>
<b>Effective rate - %</b>	<u><b>25.65</b></u>	<u><b>(303.40)</b></u>

- (i) Refers mainly to tax losses not recorded in subsidiaries of Rumo which under current conditions do not attend the requirements of future taxable profits that justify the recognition of the deferred tax assets. In accordance with Brazilian Federal Taxes rules those losses do not expire.

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

### b) Deferred income tax assets and liabilities:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<b>Assets credit of:</b>		
Income tax loss carry forwards	2,196,130	2,112,707
Social contribution tax loss carry forwards	803,795	772,304
<b>Temporary differences</b>		
Foreign exchange - Loans and borrowings	562,101	548,568
Legal proceedings provision	397,714	365,997
Tax deductible goodwill	14,069	56,276
Impairment provision	242,320	250,236
Provisions for employee benefits	154,700	153,434
Allowance for doubtful accounts	27,248	25,991
Regulatory asset (liability)	63,888	65,318
Impairment of tax credit	64,366	61,324
Share-based payment transactions	398	291
Profit sharing	14,008	41,506
Interest on preferred shareholders payable in subsidiaries	225,396	218,599
Property, plant, equipment and intangible - useful life review	171,497	160,490
Contract disputes	87,139	86,482
Provisions	207,286	253,145
Other	(89,893)	(94,339)
<b>Total</b>	<b>5,142,162</b>	<b>5,078,329</b>
<b>(-) Deferred taxes assets not recognized</b>	<b>(2,001,930)</b>	<b>(1,961,325)</b>
<b>Liabilities credit of:</b>		
<b>Temporary differences</b>		
Business combination - Property, plant and equipment	101,354	110,149
Tax deductible goodwill	(384,739)	(369,044)
Lease	(280,613)	(277,091)
Concession contract	(8,197)	(8,681)
Unrealized gains on derivatives instruments	(54,497)	65,724
Income on formation of joint ventures	(1,135,036)	(1,135,036)
Business combination - Intangible asset	(3,713,612)	(3,723,742)
Other	(68,112)	(45,513)
<b>Total</b>	<b>(5,543,452)</b>	<b>(5,383,234)</b>
<b>Total of deferred taxes recorded</b>	<b>(2,403,220)</b>	<b>(2,266,230)</b>
<b>Deferred income tax - Assets</b>	<b>1,572,861</b>	<b>1,636,080</b>
<b>Deferred income tax - Liabilities</b>	<b>(3,976,081)</b>	<b>(3,902,310)</b>

### c) Changes in deferred income taxes, net:

<b>At January 1, 2018</b>	<b>(2,266,230)</b>
Recorded through income	(135,436)
Tax loss carryforwards used to settle other tax installments	(4,107)
Other <sup>(i)</sup>	2,553
<b>At March 31, 2018</b>	<b>(2,403,220)</b>

(i) Exchange variation effect due to the conversion of offshore investments.

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### 21 Provision for legal proceedings

	Provision for legal proceedings		Judicial deposits	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Tax	478,526	501,247	424,523	371,703
Civil, regulatory and environmental	400,501	375,561	199,278	196,025
Labor	481,849	471,349	201,704	198,379
	<b>1,360,876</b>	<b>1,348,157</b>	<b>825,505</b>	<b>766,107</b>

Changes in provision for legal proceedings:

	Tax	Civil, regulatory and environmental	Labor	Total
<b>January 1, 2018</b>	<b>501,247</b>	<b>375,561</b>	<b>471,349</b>	<b>1,348,157</b>
Accruals	316	24,807	22,271	47,394
Disposal / Reversals	(15,774)	(11,150)	(22,842)	(49,766)
Transfers	(8,906)	8,906	-	-
Indexation and interest charges <sup>(i)</sup>	1,643	2,377	11,071	15,091
<b>March 31, 2018</b>	<b>478,526</b>	<b>400,501</b>	<b>481,849</b>	<b>1,360,876</b>

(i) Includes interest reversal.

The Company's debts with legal proceedings are secured by assets, cash deposit, bank guarantee or insurance guarantee.

#### Tax claims

##### a) Judicial claims deemed to be probable losses, fully accrued

	March 31, 2018	December 31, 2017
Compensation with FINSOCIAL	281,870	280,158
State VAT - ICMS credits	100,156	99,423
INSS - Social security	65,799	65,149
PIS and COFINS	2,067	2,051
Federal income taxes	1,536	1,521
IPI - Excise tax credit - NT	683	678
Other	26,415	52,267
	<b>478,526</b>	<b>501,247</b>

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### b) Judicial claims deemed as possible losses, and therefore not accrued

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
ICMS - State VAT	2,602,476	2,652,709
Federal income taxes	2,812,177	2,766,174
IRRF - Withholding tax	922,882	914,545
PIS and COFINS - Revenue taxes	845,314	838,343
INSS - Social security and other	562,967	556,252
Goodwill Rumo	516,586	512,120
IPI - Excise tax credit - NT	512,027	523,121
Penalties related to tax positions	434,252	429,249
MP 470 - Tax installments	292,288	290,389
Foreign financial operation	282,893	280,414
Compensation with IPI - IN 67/98	132,869	132,270
Stock option	66,336	65,776
Financial transactions tax on loan	51,647	51,330
Social security contributions	46,334	45,985
Compensation credit award	41,798	41,350
Other	935,155	902,698
	<u><b>11,058,001</b></u>	<u><b>11,002,725</b></u>

#### *Civil, labor, regulatory and environmental*

##### a) Judicial claims deemed to be probable losses, fully accrued

- Civil – refers mainly to compensation for material and moral damages, class actions for abstaining from straw burning sugarcane and execution of environmental nature.
- Labor – represent labor claims filed by former employees and employees of service providers who question, among others, payment of overtime, night and dangerous, job reinstatement, compensation for accidents at work and reimbursement of discounts from payroll, such as confederative and assistance contributions, union dues and other.
- Regulatory – mainly refers to fines and discussions with National Authority for Terrestrial Transport (ANTT).
- Environmental – these amounts derive from assessments made by the Environmental Sanitation Technology Company (CETESB-SP), Brazilian Institute of Environment and Natural Resources (IBAMA) and Environment Municipal Departments related to soil contamination and water by the overflow of products and non-compliance with conditions imposed by such operating license. In all cases, measures are being taken to reduce the existing liabilities, as well as repair and prevention measures.

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### b) Judicial claims deemed as possible losses, and therefore not accrued

The main civil and labor lawsuits, for which an unfavorable outcome is considered possible, are as follows:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Civil	2,831,083	2,865,572
Labor	1,065,286	1,061,910
Regulatory	643,747	606,133
Environmental	396,272	378,462
	<u><b>4,936,388</b></u>	<u><b>4,912,077</b></u>

## 22 Shareholders' equity

#### a) Share capital

At March 31, 2018, Cosan Limited's share capital is composed of the following:

<u>Shareholders - Common shares</u>	<u>Class A and / or BDRs</u>	<u>%</u>	<u>Class B1 shares</u>	<u>%</u>
Controlling Group <sup>(i)</sup>	14,514,418	8.32	96,332,044	100.00
Renaissance Technologies LLC	10,575,499	6.07	-	-
M&G Investment Management Limited	8,111,631	4.65	-	-
Eastspring Investments (Singapore) Limited	4,250,300	2.44	-	-
Free Float	109,415,289	62.75	-	-
<b>Total shares outstanding</b>	<u><b>146,867,137</b></u>	<u><b>84.23</b></u>	<u><b>96,332,044</b></u>	<u><b>100.00</b></u>
Treasury shares	27,488,204	15.77	-	-
<b>Total</b>	<u><b>174,355,341</b></u>	<u><b>100.00</b></u>	<u><b>96,332,044</b></u>	<u><b>100.00</b></u>

(i) The controlling group is composed by the following companies: (i) Queluz Holdings Limited, (ii) Usina Costa Pinto S.A. (iii) MSOR Participações S.A. and (iv) Usina Bom Jesus S.A. Açúcar e Alcool.

#### b) Treasury shares

The Company holds 27,488,204 Class A treasury shares as of March 31, 2018 and December 31, 2017 with a market value of U.S.\$ 10.39 per share as of March 31, 2018 (U.S.\$ 9.70 per share as of December 31, 2017).

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### c) Other comprehensive (loss) income

	<b>December 31, 2017</b>	<b>Comprehensive (loss) income</b>	<b>March 31, 2018</b>
Foreign currency translation effects	(372,343)	(23,847)	(396,190)
Gain on cash flow hedge in joint ventures and subsidiaries	14,610	3,317	17,927
Actuarial loss on defined benefit plan	(44,937)	(54)	(44,991)
Gain on share subscription of a subsidiary	15,000	-	15,000
Changes in fair value of available for sale securities	841	32	873
<b>Total</b>	<b>(386,829)</b>	<b>(20,552)</b>	<b>(407,381)</b>
<b>Attributable to:</b>			
Owners of the Company	(394,212)	(15,647)	(409,859)
Non-controlling interests	7,383	(4,905)	2,478
	<b>December 31, 2016</b>	<b>Comprehensive (loss) income</b>	<b>March 31, 2017</b>
Foreign currency translation effects	(322,258)	14,437	(307,821)
Loss on cash flow hedge in joint ventures and subsidiaries	(190,001)	171,295	(18,706)
Actuarial loss on defined benefit plan	(29,017)	-	(29,017)
Gain on share subscription of subsidiary	6,000	9,000	15,000
Changes in fair value of available for sale securities	(2,618)	129	(2,489)
<b>Total</b>	<b>(537,894)</b>	<b>194,861</b>	<b>(343,033)</b>
<b>Attributable to:</b>			
Owners of the Company	(480,454)	125,649	(354,805)
Non-controlling interests	(57,440)	69,212	11,772



## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

#### 23 Earnings per share

The following table sets forth the calculation of earnings per share (in thousands of Brazilian Reais, except per share amounts):

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Profit attributable from continued operation to ordinary equity holders for basic earnings	106,304	21,115
Effect of dilution:		
Dilutive effect of subsidiary's stock option plan	(558)	(665)
Dilutive effect of put option	-	(15,601)
<b>Profit from continued operation attributable to ordinary equity holders adjusted for the effect of dilution</b>	<u><b>105,746</b></u>	<u><b>4,849</b></u>
Basic number of shares outstanding - In thousands of shares	243,199	264,691
Effect of dilution:		
Dilutive effect of stock option plan	13,212	-
<b>Diluted number of shares outstanding - In thousands of shares</b>	<u><b>256,411</b></u>	<u><b>264,691</b></u>
<b>Basic earnings per share from:</b>		
Continuing operations	R\$ 0.4371	R\$ 0.0798
<b>Diluted earnings per share from:</b>		
Continuing operations	R\$ 0.4124	R\$ 0.0183

The non-controlling interests of the indirect subsidiary Brado Logística S.A have the right to exercise a liquidity option provided for in the shareholders' agreement signed on August 5, 2013. This option would exchange all Brado shares held by such minority shareholders by shares of Rumo. The exchange ratio shall take into account the economic value for both Brado and Rumo shares. At the Company's exclusive discretion, an equivalent cash payment is also possible.

For the three month period ended At March 31, 2018, 3,558,449 share options from indirect subsidiary Rumo S.A and 20,339,671 share options from indirect subsidiary Brado Logística S.A were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

For the three month period ended At March 31, 2018, 10,939,800 shares related to the share repurchase plan of subsidiary Cosan S.A have an antidilutive effect, so they were not considered in the diluted earnings per share analysis.

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

### 24 Other income (expenses), net

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Income from sale of scrap / eventual income	12,947	-
Insurance reimbursement income	3,588	1,181
Rental income	-	1,495
(Loss) gain on disposal of non-current assets and intangibles	(770)	2,485
Net effect of legal proceedings, recoverable and tax installments	(31,398)	(17,065)
Other	(7,028)	(4,136)
	<u>(22,661)</u>	<u>(16,040)</u>

### 25 Finance results

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
<b>Cost of gross debt</b>		
Interest on debt	(433,492)	(486,044)
Monetary and exchange rate variation	(56,561)	116,549
Derivatives and fair value measurement	56,443	(135,662)
Amortization of borrowing costs	(9,975)	(315)
Guarantees and warranties on debt	(35,662)	(46,375)
	<u>(479,247)</u>	<u>(551,847)</u>
Income from financial investment and exchange rate in cash and cash equivalents	117,346	149,186
	<u>117,346</u>	<u>149,186</u>
<b>Cost of debt, net</b>	<u>(361,901)</u>	<u>(402,661)</u>
<b>Other charges and monetary variations</b>		
Interest on other receivables	47,013	43,698
Monetary variation on leases and concessions agreements	(45,231)	(73,128)
Monetary variation on leases	(52,319)	(34,246)
Bank charges and others	(22,963)	(25,656)
Advances on real state credits	(1,206)	(7,169)
Interest on contingencies and contracts	(27,044)	(17,943)
Interest on other liabilities	(36,212)	(99,218)
Interest on shareholders' equity	722	-
Exchange variation	(21,539)	(2,069)
	<u>(158,779)</u>	<u>(215,731)</u>
<b>(=) Finance results, net</b>	<u>(520,680)</u>	<u>(618,392)</u>
Finance expense	(499,883)	(898,232)
Finance income	188,848	283,009
Exchange variation	(75,957)	118,889
Derivatives	(133,688)	(122,058)
<b>Finance results, net</b>	<u>(520,680)</u>	<u>(618,392)</u>

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

### 26 Financial instruments

#### *Financial risk management*

##### **Overview**

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

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the exposure of the Company to the above risks, as well as the objectives of the Company's risk management policies, these policy and processes for the assessment and management of risks.

The carrying amount of financial assets and financial liabilities are as follows:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<b>Assets</b>		
<b>Fair value through profit or loss</b>		
Investment funds	3,024,161	1,852,114
Marketable securities	3,549,053	3,853,343
Derivate financial instruments	1,009,445	1,162,213
	<u>7,582,659</u>	<u>6,867,670</u>
<b>Amortized cost</b>		
Cash and cash equivalents	3,078,443	2,703,063
Trade receivables	1,373,106	1,322,420
Restricted cash	196,728	225,634
Receivables from related parties	191,413	199,814
Other financial assets	-	1,340,000
Dividends receivable	11,542	13,466
	<u>4,851,232</u>	<u>5,804,397</u>
<b>Total</b>	<u>12,433,891</u>	<u>12,672,067</u>

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<b>Liabilities</b>		
<b>Amortized cost</b>		
Loans, borrowings and debentures	13,077,028	13,858,709
Leases	716,281	944,138
Real state credit certificates	59,514	86,745
Trade payables	2,355,989	2,433,995
Other financial liabilities	309,402	382,702
Payables to related parties	346,697	328,263
Dividends payable	157,640	191,478
Tax installments – REFIS	219,552	229,745
Trade payables – Corporate operation / Agreements	213,065	210,476
Preferred shareholders payable in subsidiaries	1,464,513	1,442,679
	<b>18,919,681</b>	<b>20,108,930</b>
<b>Fair value through profit or loss</b>		
Loans, borrowings and debentures	8,899,702	7,830,237
Contingent consideration	53,653	116,542
Derivative financial instruments	91,582	115,085
	<b>9,044,937</b>	<b>8,061,864</b>
	<b>27,964,618</b>	<b>28,170,794</b>

During the period ended at March 31, 2018, there was no reclassification between the categories fair value through profit or loss and amortized cost.

### Risk management structure

As at March 31, 2018 and December 31, 2017, the fair values relating to transactions involving derivative financial instruments to protect the Company's risk exposure were using observable inputs such as quoted prices in active markets, or discounted cash flows based on market curves, and are presented below:

	<u>Notional</u>		<u>Fair value</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<b>Exchange rate derivatives</b>				
Forward agreements	1,210,249	494,302	7,787	(457)
<b>Interest rate and exchange rate risk</b>				
Swap agreements (interest rate)	4,131,485	2,446,369	424,337	330,712
Swap agreements (exchange and interest rate)	6,604,932	7,217,792	485,739	716,873
	<b>10,736,417</b>	<b>9,664,161</b>	<b>910,076</b>	<b>1,047,585</b>
<b>Total financial instruments</b>			<b>917,863</b>	<b>1,047,128</b>
<b>Assets</b>			<b>1,009,445</b>	<b>1,162,213</b>
<b>Liabilities</b>			<b>(91,582)</b>	<b>(115,085)</b>

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### Credit risk

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Cash and cash equivalents <sup>(i)</sup>	6,102,604	4,555,177
Trade receivables <sup>(ii)</sup>	1,373,106	1,322,420
Derivative financial instruments <sup>(i)</sup>	1,009,445	1,162,213
Marketable securities <sup>(i)</sup>	3,549,053	3,853,343
Receivables from related parties <sup>(ii)</sup>	191,413	199,814
Dividends	11,542	13,466
Restricted cash <sup>(i)</sup>	196,728	225,634
	<b>12,433,891</b>	<b>11,332,067</b>

- (i) The credit risk on cash and cash equivalents, marketable securities, restricted cash and derivative financial instruments are determined by rating instruments widely accepted by the market and are arranged as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
AAA	3,919,202	3,499,345
AA	6,937,959	6,159,553
B	669	2,007
BB+	-	4,180
	<b>10,857,830</b>	<b>9,665,085</b>

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

- (ii) Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Management considers that the credit risk is covered by the allowance for doubtful accounts.

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The non-derivative financial liabilities of the Company sorted by due dates (based on undiscounted cash flows contracted) are as follows:

	March 31, 2018				December 31, 2017	
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total	Total
Loans, borrowings and debentures	(4,323,931)	(3,255,470)	(9,633,985)	(14,818,454)	(32,031,840)	(31,554,560)
Trade payables	(2,355,989)	-	-	-	(2,355,989)	(2,433,995)
Other financial liabilities	(309,402)	-	-	-	(309,402)	(382,702)
Tax installments - REFIS	(66,261)	(26,113)	(38,467)	(103,946)	(234,787)	(244,957)
Leases	(289,249)	(196,390)	(347,535)	(261,351)	(1,094,525)	(1,443,470)
Derivative financial instruments	104,166	(62,665)	(535,316)	1,137,367	643,552	(110,909)
Real estate credits certificates	(63,389)	-	-	-	(63,389)	(92,844)
Payables to related parties	(346,697)	-	-	-	(346,697)	(328,263)
Dividends payable	(157,640)	-	-	-	(157,640)	(191,478)
	<b><u>(7,808,392)</u></b>	<b><u>(3,540,638)</u></b>	<b><u>(10,555,303)</u></b>	<b><u>(14,046,384)</u></b>	<b><u>(35,950,717)</u></b>	<b><u>(36,783,178)</u></b>

#### Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### a) Foreign exchange risk

As at March 31, 2018 and December 31, 2017, the Company had the following net exposure to the exchange rate variations on assets and liabilities denominated in Dollar:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Cash and cash equivalents	2,542,960	782,103
Trade receivables	21,074	25,797
Trade payables	-	(13,230)
Loans, borrowings and debentures	(10,897,196)	(8,919,712)
Advances from clients	-	(6,310)
Contingent consideration	(17,449)	(64,213)
Payables to related parties	(213,065)	(210,497)
Derivative financial instruments <sup>(i)</sup>	7,363,739	7,323,116
<b>Foreign exchange exposure, net</b>	<b>(1,199,937)</b>	<b>(1,082,946)</b>

- (i) These balances are equivalent to the notional amount in U.S. Dollars converted to R\$ at the Dollar rate of March 31, 2018 and December 31, 2017 respectively.

#### *Sensitivity analysis on changes in foreign exchange rates:*

The probable scenario was defined based on the U.S. Dollar market rates as at March 31, 2018, which determines the fair values of the derivatives at that date. Stressed scenarios (positive and negative effects, before tax effects) were defined based on changes of a 25% and 50% to the U.S. Dollar exchange rates used in the probable scenario.

Based on the financial instruments denominated in U.S. Dollars at March 31, 2018, the Company performed a sensitivity analysis by increasing and decreasing the exchange rate for R\$/U.S.\$ by 25% and 50%. The probable scenario considers the estimated exchange rates, made by a specialized third part, at the due date of the transactions for the companies with functional currency Real (positive and negative, before tax effects), as follows:

	<b>Exchange rate sensitivity analysis (R\$/US\$)</b>					<b>Scenario</b>
	<b>March 31, 2018</b>	<b>Probable</b>	<b>25%</b>	<b>50%</b>	<b>-25%</b>	<b>-50%</b>
U.S.\$	3.3238	3.3100	4.1375	4.9650	2.4825	1.6550

The external source used by the company for market projections was a specialized consultant.

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

Considering the above scenario the profit or loss would be impacted as follows:

Instrument	Risk factor	Probable	Variation scenario			
			25%	50%	-25%	-50%
Cash and cash equivalents	U.S.\$ fluctuation	(8,749)	524,638	1,049,275	(524,638)	(1,049,275)
Trade receivables	U.S.\$ fluctuation	(87)	5,246	10,494	(5,246)	(10,494)
Payables to related parties	U.S.\$ fluctuation	885	(53,045)	(106,091)	53,045	106,091
Exchange rate derivatives <sup>(i)</sup>	U.S.\$ fluctuation	65,910	2,485,371	4,970,744	(2,485,371)	(4,970,744)
Loans, borrowings and debentures	U.S.\$ fluctuation	38,400	(2,302,583)	(4,605,166)	2,302,583	4,605,166
Contingent consideration	U.S.\$ fluctuation	72	(4,343)	(8,688)	4,345	8,689
<b>Impacts on profit or loss</b>		<b>96,431</b>	<b>655,284</b>	<b>1,310,568</b>	<b>(655,282)</b>	<b>(1,310,567)</b>

- (i) For sensitivity analysis, it's only considered exchange rate swaps for Notional.

### b) Interest rate risk

The Company monitors the fluctuations in variable interest rates in connection with its borrowings, especially those that accrue interest using LIBOR, and uses derivative instruments in order to minimize variable interest rate fluctuation risks.

*Sensitivity analysis on changes in interest rates:*

A sensitivity analysis on the interest rates on loans and borrowings in compensation for the CDI investments with pre-tax increases and decreases of 25% and 50% is presented below:

Exposure interest rate <sup>(i)</sup>	March 31, 2018				
	Probable	25%	50%	-25%	-50%
Cash and cash equivalents	315,168	78,793	157,584	(78,793)	(157,584)
Marketable securities	53,796	13,449	26,898	(13,449)	(26,898)
Restricted cash	12,295	3,074	6,148	(3,074)	(6,148)
Leases	(30,387)	(7,597)	(15,194)	7,597	15,194
Advances on real state credits	(3,434)	(858)	(1,717)	858	1,717
Interest rate derivatives <sup>(ii)</sup>	808,256	(1,132,704)	(2,110,497)	1,339,732	2,910,980
Loans, borrowings and debentures	(884,617)	(131,526)	(263,087)	131,526	263,087
<b>Impacts on profit or loss</b>	<b>271,077</b>	<b>(1,177,369)</b>	<b>(2,199,865)</b>	<b>1,384,397</b>	<b>3,000,348</b>



## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

The probable scenario considers the estimated interest rate, made by a specialized third part and *Banco Central do Brasil* as follows:

	<u>Probable</u>	<u>25%</u>	<u>50%</u>	<u>-25%</u>	<u>-50%</u>
SELIC	6.25%	7.81%	9.38%	4.69%	3.13%
CDI	5.77%	7.21%	8.66%	4.33%	2.89%
TJ462	7.75%	9.44%	11.13%	6.06%	4.38%
TJLP	6.75%	8.44%	10.13%	5.06%	3.38%
IPCA	4.18%	5.23%	6.28%	3.14%	2.09%
FED FUNDS	2.25%	2.81%	3.38%	1.69%	1.13%

- (i) The external source used by the company for market projections was a specialized consultant.
- (ii) The probable scenario for derivative financial instruments represents the current mark-to-market balance.

#### *Financial instruments fair value*

The market value of the Senior Notes and Perpetual Notes are listed on the Luxembourg Stock Exchange (Note 15) is based on their quoted market price are as follows:

<u>Loan</u>	<u>Company</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Senior Notes Due 2018	Cosan S.A	-	100.37%
Senior Notes Due 2023	Cosan S.A	100.77%	101.54%
Senior Notes Due 2024	Rumo S.A	107.10	107.86 %
Senior Notes Due 2025	Rumo S.A	99.13%	-
Senior Notes Due 2027	Cosan S.A	106.57%	108.14%
Senior Notes Due 2024	Cosan	101.66%	102,79%
Perpetual Notes	Cosan S.A	101.49%	102.83%

The fair value of other loans and financing, the respective market values substantially approximate the amounts recorded due to the fact that these financial instruments are subject to variable interest rates (Note 15).

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

The carrying amounts and fair value of financial assets and financial liabilities are as follows:

	Carrying amount		Assets and liabilities measured at fair value			
			March 31, 2018		December 31, 2017	
	March 31, 2018	December 31, 2017	Level 2	Level 3	Level 2	Level 3
<b>Assets</b>						
Investment funds	3,024,161	1,852,114	3,024,161	-	1,852,114	-
Marketable securities	3,549,053	3,853,343	3,549,053	-	3,853,343	-
Derivate financial instruments	1,009,445	1,162,213	1,009,445	-	1,162,213	-
<b>Total</b>	<b>7,582,659</b>	<b>6,867,670</b>	<b>7,582,659</b>	<b>-</b>	<b>6,867,670</b>	<b>-</b>
<b>Liabilities</b>						
Loans, borrowings and debentures	(8,899,702)	(7,830,237)	(8,899,702)	-	(7,830,237)	-
Contingent consideration <sup>(i)</sup>	(53,653)	(116,542)	-	(53,653)	-	(116,542)
Derivative financial instruments	(91,582)	(115,085)	(91,582)	-	(115,085)	-
<b>Total</b>	<b>(9,044,937)</b>	<b>(8,061,864)</b>	<b>(8,991,284)</b>	<b>(53,653)</b>	<b>(7,945,322)</b>	<b>(116,542)</b>

(i) The valuation of the contingent consideration considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the probable scenarios of forecast revenue and EBITDA, the amount to be paid under each scenario and the probability of each scenario. The significant unobservable inputs are the forecast of the annual growth rate of revenue, EBITDA margin forecast and the 13% discount rate adjusted for risk

#### Hedge accounting

Currently the Company has adopted the hedge accounting of fair value for some its operations that both the hedging instruments and the hedged items are accounted for at fair value through profit or loss. Operations and accounting effects of this adoption are as follows:

	Debt	Derivative	Total
<b>At January 01, 2018</b>	<b>4,218,221</b>	<b>(146,524)</b>	<b>4,071,697</b>
Interest amortization	(99,624)	43,211	(56,413)
Fair value	18,560	(100,464)	(81,904)
<b>At March 31, 2018</b>	<b>4,137,157</b>	<b>(203,777)</b>	<b>3,933,380</b>

#### Capital management

The Company's policy is to maintain a robust capital base to promote the confidence of investors, creditors and the market, and to ensure the future development of the business. Management monitors that the return on capital is adequate for each of its businesses.

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

### 27 Post-employment benefits

	March 31, 2018	December 31, 2017
Futura	45,486	44,431
Futura II	143	1,237
Comgás	444,551	439,791
	<b>490,180</b>	<b>485,459</b>

### Pension plan

During the period ended March 31, 2018, the amount of sponsor contributions to the plans was R\$ 8,673 (R\$ 6,896 for the period ended March 31, 2017).

### 28 Share-based payment

On March 31, 2018 the Company has two share-based payment plans: (i) Stock Option Plan which provides an option to executives to buy the shares of the Company and (ii) Stock Based Compensation Plan which provides to executives a grant of shares of the Company.

The plans have been administered by the Board of Directors of each Company, at its option, by a Committee, within the limits established in the guidelines for the elaboration and structuring of each plan and in the applicable legislation.

#### 28.1 Stock option plan

##### a) Cosan S.A (equity-settled)

The vesting period and the position of the outstanding options are as follows:

Share option programs	Expected life (years)	Interest rate - %	Expected volatility - %	Number of instruments on March 31, 2018			Market price on grant date	Exercise price at March 31, 2018	Fair value at grant date - R\$(i)
				Granted	Vested or cancelled option	Outstanding			
August 18, 2011 (A)	1 to 7	12.39	31.44	4,825,000	(4,460,000)	365,000	22.80	26.30	6.80
August 18, 2011 (B)	1 to 12	12.39	30.32	5,000,000	(2,500,000)	2,500,000	22.80	26.30	8.15
December 12, 2012 (C)	1 to 7	8.78	31.44	700,000	(420,000)	280,000	38.89	47.78	10.10
April 24, 2013	5 to 7	13.35	27.33	970,000	(110,000)	860,000	45.22	54.53	17.95
April 25, 2014	5 to 7	12.43	29.85	960,000	(70,000)	890,000	39.02	44.17	15.67
August 31, 2015	5 to 7	14.18	33.09	759,000	(85,000)	674,000	19.96	19.09	7.67
				<b>13,214,000</b>	<b>(7,645,000)</b>	<b>5,569,000</b>			

- (i) The fair value measurement was performed on the Black-Scholes pricing model.

##### b) Reconciliation of outstanding stock option

The number and weighted-average exercise prices of share options under the share option programs were as follows:

	Number of options	Weighted-average exercise price - R\$
At January 1, 2018	<b>6,146,000</b>	<b>32.28</b>
Vested	(577,000)	25.91
At March 31, 2018	<b>5,569,000</b>	<b>32.70</b>

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### c) Expenses recorded in income statement

For the period ended March 31, 2018, R\$ 1,239 (R\$ 1,493 on March 31, 2017) has been recognized as an expense related to the stock option plan.

## 28.2 Stock Grant Plan

### 28.2.1 Cosan Limited

#### 28.2.1.1 Cash settled

##### a) Reconciliation of outstanding shares

<u>Stock grant program</u>	<u>Expected life (years)</u>	<u>Number of instruments on March 31, 2018</u>			<u>Market price on grant date U.S.\$</u>	<u>Fair value at grant date - U.S.\$</u>
		<u>Granted</u>	<u>Vested or cancelled</u>	<u>Outstanding</u>		
September 29, 2017	5	255,000	-	255,000	8.10	8.10

##### b) Expenses recorded in income statement

For the period ended March 31, 2018 it was recorded an amount of R\$ 467 (zero in 2017) on the general and administrative expenses.

#### 28.2.1.2 Equity-settled

##### a) Reconciliation of outstanding shares

<u>Stock grant program</u>	<u>Expected life (years)</u>	<u>Number of instruments on March 31, 2018</u>			<u>Market price on grant date U.S.\$</u>	<u>Fair value at grant date - U.S.\$</u>
		<u>Granted</u>	<u>Vested</u>	<u>Outstanding</u>		
August 18, 2017	10	577,101	(577,101)	-	7.32	7.32

##### b) Expenses recorded in income statement

For the period ended March 31, 2018 it was recorded an amount of R\$ 8,312 (zero in 2017) on the general and administrative expenses.

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### 28.2.2 Cosan S.A.

##### 28.2.2.1 Equity-settled

###### a) Reconciliation of outstanding shares

The vesting period and the position of the outstanding shares are as follows:

Stock grant program	Expected life (years)	Interest rate - %	Expected volatility - %	Number of instruments on March 31, 2018			Market price on grant date	Fair value at grant date - R\$
				Granted	Exercisable or cancellation	Outstanding		
April 27, 2017	5	15.00	32.75	274,000	(37,900)	236,100	32.11	32.11
July 31, 2017	5	15.00	33.70	298,107	(38,900)	259,207	36.06	36.06
				<u>572,107</u>	<u>(76,800)</u>	<u>495,307</u>		

The number and weighted-average exercise prices of shares under the stock grant plans were as follows:

	Number of shares
At January 1, 2018	<u>514,007</u>
Vested	(1,994)
Cancelled	(16,706)
At March 31, 2018	<u>495,307</u>

###### b) Expenses recorded in income statement

For the period ended March 31, 2018 it was recorded an amount of R\$ 913 (zero in 2017) on the general and administrative expense.

#### 28.2.3 Comgás

##### 28.2.3.1 Equity-settled

###### a) Reconciliation of outstanding shares

The vesting period and the position of the outstanding shares are as follows:

Stock grant program	Expected life (years)	Interest rate - %	Expected volatility - %	Number of instruments on March 31, 2018			Market price on grant date	Fair value at grant date - R\$(i)
				Granted	Exercisable	Outstanding		
April 20, 2017	5	12.16	27.20	61,300	-	61,300	47.80	37.29
December 08, 2017	5	10.09	30.00	97,780	-	97,780	54.25	36.37
				<u>159,080</u>	<u>-</u>	<u>159,080</u>		

###### b) Expenses recorded in income statement

For the period ended March 31, 2018, R\$ 313 (zero in 2017) has been recognized as an expense related to this stock grant plan.

## Cosan Limited

### Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

#### 28.2.4 Cosan Logística.

##### 28.2.4.1 Equity-settled

###### a) Reconciliation of outstanding shares

The table below shows the data of the grants made by the Company:

Stock grant program	Expected life (years)	Interest rate - %	Expected volatility - %	Number of instruments on March 31, 2018			Market price on grant date	Fair value at grant date - R\$
				Granted	Exercisable	Outstanding		
2015 Plan	5	11.33	42.75	1,522,200	(161,600)	1,360,600	6.10	6.10
2016 Plan	5	11.33	42.75	1,466,900	(106,600)	1,360,300	6.10	6.10
2017 Plan	5	9.93	29.76	870,900	(9,750)	861,150	10.42	10.42
				<b>3,860,000</b>	<b>(277,950)</b>	<b>3,582,050</b>		

The number of shares and restricted shares of the Company's programs are as follows:

	Number of shares
<b>At January 1, 2018</b>	<b>3,587,750</b>
Vested	(428)
Cancelled	(5,272)
<b>At March 31, 2018</b>	<b>3,582,050</b>

###### b) Expenses recorded in income statement

For the period ended March 31, 2018 it was recorded an amount of R\$ 1,805 (R\$ 1,352 for the period ended March 31, 2017) on the general and administrative expense.

## 29 Subsequent events

### 29.1 Distribution of dividends

On April 27, 2018, the Ordinary and Extraordinary General Meeting approved the distribution of the Company's dividends in the total amount of R\$ 69,352.

### 29.2 Distribution of dividends – Cosan S.A

On April 26, 2018, the Ordinary and Extraordinary General Meeting, of the subsidiary Cosan S.A, approved the distribution of mandatory minimum dividends in the amount of R\$ 312,390 and the complementary dividends of R\$ 137,610. The total amount of dividend approved was R\$ 450,000.

### 29.3 Increase in share capital – Cosan S.A

On April 26, 2018, the Ordinary and Extraordinary General Meeting approved the increase of the Cosan S.A's share capital in the amount of R\$ 419,401, without the issuance of new shares, by converting part of the existing balance into the Capital Reserve account and into the Legal Reserve account.

### 29.4 Increase in share capital – COMGÁS

On April 25, 2018, the Ordinary and Extraordinary General Meeting approved the increase of the COMGÁS share capital in the amount of R\$ 168,828, through the capitalization of the special goodwill reserve.

### 29.5 Discontinuation of the BDR program

On April 19, 2018, the Company submitted to the B3 a proposal relating to the discontinuation of its BDR program pursuant to the procedure set forth in the B3's Issuer Guide (*Manual do Emissor*). Once completed, we will take the requisite steps to complete our deregistration with the Brazilian Securities Commission (Comissão de Valores Mobiliários), or "CVM," and the delisting of our BDRs from the B3. The discontinuation of our BDR program is intended to reduce our regulatory costs and concentrate liquidity of the Company's stock on the NYSE.

### 29.6 Acquisition of Shell's Downstream Business in Argentina

On April 24, 2018, Raízen Combustíveis and its subsidiary Raízen Argentina Holdings S.A.U. entered into an agreement for the acquisition of Shell Argentina from Shell Overseas Investments B.V. and B.V. Dordtsche Petroleum Maatschappij for the an amount of U.S.\$950 million. The consideration to be paid assumes that Shell Argentina has no indebtedness and is subject to customary adjustments, including for variations in working capital and net debt, through to the closing date.

Shell Argentina operates a petroleum refinery and distributes fuel through a network of 645 petrol stations in Argentina. It is expected that following the closing of the transaction, Shell Argentina will enter into several agreements with Shell entities, on market terms, including a supply agreement for the import of hydrocarbons and a license to use certain Shell brands in Argentina.

The closing of the transaction is subject to certain customary closing conditions, including (i) a corporate reorganization of the target group of companies, which includes the carve-out of the upstream (exploration and production) business of Shell in Argentina, and (ii) regulatory approvals.

## Cosan Limited

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*(In thousands of Brazilian Reais – R\$, unless otherwise stated)*

It is expected that these conditions precedent will be fulfilled by the end of 2018.

#### **29.7 Merge of subsidiaries**

On April 20, 2018, the General Meeting approved the merger of Brado Holding S.A., Rumo Malha Norte Holding Ltda. and Tezza Consultoria de Negócios Ltda. by "Rumo", so that the merged companies will be extinguished and Rumo will succeed the merged ones. This transaction serves the interest of the parties and their shareholders, generating benefits to the parties by providing administrative efficiency and reducing operating costs.

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