

# **Cosan Limited**

Consolidated interim financial statements as of  
June 30, 2018

# Cosan Limited

## Consolidated interim financial statements

**June 30, 2018**

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# Report on Review of Interim Financial Information

To the Management, 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 June 30, 2018, which comprises the statement of financial position as of June 30, 2018, and the respective statements of profit and loss and comprehensive income for the three and six-month periods then ended and changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation 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 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* 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, August 9, 2018

KPMG Auditores Independentes  
CRC 2SP014428/O-6

Rogério Hernandez Garcia  
Accountant CRC 1SP213431/O-5

# Cosan Limited

## Consolidated statements of financial position

(In thousands of Brazilian Reais - R\$)

|                                  | <u>Note</u> | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
|----------------------------------|-------------|----------------------|--------------------------|
| <b>Assets</b>                    |             |                      |                          |
| Cash and cash equivalents        | 6           | 4,073,045            | 4,555,177                |
| Restricted cash                  | 7           | 1,394                | -                        |
| Marketable securities            | 7           | 3,804,706            | 3,853,343                |
| Trade receivables                | 8           | 1,546,639            | 1,277,766                |
| Derivative financial instruments | 26          | 155,437              | 317,763                  |
| Inventories                      |             | 761,777              | 663,061                  |
| Receivables from related parties | 10          | 62,271               | 30,059                   |
| Income tax receivable            |             | 397,796              | 312,274                  |
| Other current tax receivable     | 9           | 332,864              | 327,410                  |
| Dividends receivable             |             | 19,663               | 13,466                   |
| Other financial assets           |             | -                    | 1,340,000                |
| Other current assets             |             | 351,899              | 343,617                  |
| <b>Total current assets</b>      |             | <b>11,507,491</b>    | <b>13,033,936</b>        |
|                                  |             |                      |                          |
| Trade receivables                | 8           | 45,623               | 44,654                   |
| Restricted cash                  | 7           | 166,388              | 225,634                  |
| Deferred tax assets              | 20          | 1,553,421            | 1,636,080                |
| Receivables from related parties | 10          | 89,290               | 169,755                  |
| Income tax receivable            |             | 257,516              | 247,996                  |
| Other non-current tax receivable | 9           | 810,690              | 778,820                  |
| Judicial deposits                | 21          | 837,998              | 766,107                  |
| Derivative financial instruments | 26          | 1,585,107            | 844,450                  |
| Other non-current assets         |             | 460,775              | 472,753                  |
| Investments in associates        | 11          | 345,215              | 301,342                  |
| Investments in joint ventures    | 12          | 8,022,046            | 8,447,799                |
| Property, plant and equipment    | 13          | 12,083,539           | 11,681,575               |
| Intangible assets and goodwill   | 14          | 16,926,467           | 16,973,610               |
| <b>Total non-current assets</b>  |             | <b>43,184,075</b>    | <b>42,590,575</b>        |
|                                  |             |                      |                          |
| <b>Total assets</b>              |             | <b>54,691,566</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 | June 30, 2018     | December 31, 2017 |
|---|------|-------------------|-------------------|
| <b>Liabilities</b>                                |      |                   |                   |
| Loans, borrowings and debentures                  | 15   | 2,586,255         | 3,903,392         |
| Leases  | 16   | 173,826           | 261,344           |
| Real estate credit certificates                   |      | 36,873            | 86,745            |
| Derivative financial instruments                  | 26   | 427               | 1,520             |
| Trade payables                                    | 18   | 2,534,944         | 2,433,995         |
| Employee benefits payable                         |      | 240,585           | 291,080           |
| Income tax payables                               |      | 10,000            | 21,146            |
| Other taxes payable                               | 19   | 313,995           | 418,878           |
| Concessions payables                              | 17   | 28,819            | 27,413            |
| Dividends payable                                 |      | 27,997            | 191,478           |
| Payables to related parties                       | 10   | 354,625           | 328,263           |
| Deferred revenue                                  |      | 10,809            | 11,529            |
| Other financial liabilities                       |      | 349,626           | 382,702           |
| Other current liabilities                         |      | 613,458           | 662,835           |
| <b>Total current liabilities</b>                  |      | <b>7,282,239</b>  | <b>9,022,320</b>  |
| Loans, borrowings and debentures                  | 15   | 19,756,303        | 17,785,554        |
| Leases  | 16   | 497,444           | 682,794           |
| Preferred shareholders payable<br>in subsidiaries |      | 1,211,620         | 1,442,679         |
| Derivative financial instruments                  | 26   | 31,020            | 113,565           |
| Other taxes payable                               | 19   | 156,496           | 161,637           |
| Provision for legal proceedings                   | 21   | 1,368,014         | 1,348,157         |
| Concessions payables                              | 17   | 3,042,483         | 2,905,921         |
| Post-employment benefits                          | 27   | 494,676           | 485,459           |
| Deferred tax liabilities                          | 20   | 3,937,035         | 3,902,310         |
| Deferred revenue                                  |      | 52,356            | 56,495            |
| Other non-current liabilities                     |      | 591,326           | 658,207           |
| <b>Total non-current liabilities</b>              |      | <b>31,138,773</b> | <b>29,542,778</b> |
| <b>Total liabilities</b>                          |      | <b>38,421,012</b> | <b>38,565,098</b> |
| <b>Shareholders' equity</b>                       |      |                   |                   |
| Share capital                                     | 22   | 5,328             | 5,328             |
| Additional paid-in capital                        |      | 3,095,567         | 3,245,543         |
| Accumulated other comprehensive loss              |      | (646,724)         | (394,212)         |
| Retained earnings                                 |      | 3,237,514         | 3,182,098         |
| Equity attributable to:                           |      |                   |                   |
| Owners of the Company                             |      | 5,691,685         | 6,038,757         |
| Non-controlling interests                         | 11   | 10,578,869        | 11,020,656        |
| <b>Total shareholders' equity</b>                 |      | <b>16,270,554</b> | <b>17,059,413</b> |
| <b>Total shareholders' equity and liabilities</b> |      | <b>54,691,566</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 and six month period ended June 30, 2018 and 2017

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

|  | Note | April 1, 2018<br>to June 30,<br>2018 | January 1,<br>2018 to June<br>30, 2018 | April 1, 2017<br>to June 30,<br>2017 | January 1,<br>2017 to June<br>30, 2017 |
|--|------|--------------------------------------|--|--------------------------------------|--|
| Net sales  |      | 4,074,491                            | 7,617,919                              | 3,368,507                            | 6,154,238                              |
| Cost of sales  |      | (2,913,297)                          | (5,425,976)                            | (2,202,172)                          | (4,161,613)                            |
| <b>Gross profit</b>  |      | <b>1,161,194</b>                     | <b>2,191,943</b>                       | <b>1,166,335</b>                     | <b>1,992,625</b>                       |
| Selling expenses   |      | (247,532)                            | (492,601)                              | (281,435)                            | (539,018)                              |
| General and administrative expenses  |      | (236,354)                            | (449,705)                              | (202,909)                            | (410,283)                              |
| Other income (expenses), net   | 24   | (20,859)                             | (43,520)                               | (47,720)                             | (63,760)                               |
| <b>Operating expenses</b>  |      | <b>(504,745)</b>                     | <b>(985,826)</b>                       | <b>(532,064)</b>                     | <b>(1,013,061)</b>                     |
| <b>Income before interest in earnings of investees and financial results</b> |      | <b>656,449</b>                       | <b>1,206,117</b>                       | <b>634,271</b>                       | <b>979,564</b>                         |
| Interest in earnings of associates   | 11   | 18,444                               | 15,638                                 | (1,628)                              | 1,326                                  |
| Interest in earnings of joint ventures                                       | 12   | 50,457                               | 348,113                                | 40,397                               | 296,094                                |
| <b>Interest in earnings of investees</b>                                     |      | <b>68,901</b>                        | <b>363,751</b>                         | <b>38,769</b>                        | <b>297,420</b>                         |
| Finance expense  |      | (512,419)                            | (1,012,302)                            | (867,138)                            | (1,765,370)                            |
| Finance income   |      | 158,242                              | 347,090                                | 234,762                              | 517,771                                |
| Foreign exchange, net  |      | (1,391,779)                          | (1,467,735)                            | (312,621)                            | (193,733)                              |
| Derivatives  |      | 1,002,121                            | 868,433                                | 260,516                              | 138,458                                |
| <b>Finance results, net</b>  | 25   | <b>(743,835)</b>                     | <b>(1,264,514)</b>                     | <b>(684,481)</b>                     | <b>(1,302,874)</b>                     |
| <b>(Loss) profit before taxes</b>  |      | <b>(18,485)</b>                      | <b>305,354</b>                         | <b>(11,441)</b>                      | <b>(25,890)</b>                        |
| <b>Income tax (expenses) benefits</b>  | 20   |                                      |  |                                      |  |
| Current  |      | (36,198)                             | 16,187                                 | (64,906)                             | (41,339)                               |
| Deferred   |      | 36,516                               | (98,921)                               | 28,926                               | (38,470)                               |
|  |      | <b>318</b>                           | <b>(82,734)</b>                        | <b>(35,980)</b>                      | <b>(79,809)</b>                        |
| <b>(Loss) profit for the period</b>  |      | <b>(18,167)</b>                      | <b>222,620</b>                         | <b>(47,421)</b>                      | <b>(105,699)</b>                       |

# Cosan Limited

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

For the three and six month period ended June 30, 2018 and 2017

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

|  |    |                  |                  |                 |                  |
|--|----|------------------|------------------|-----------------|------------------|
| <b>Other comprehensive income (loss)</b>                                     |    |                  |                  |                 |                  |
| <b>Items that will never be reclassified to profit or loss</b>               |    |                  |                  |                 |                  |
| Actuarial loss on defined benefit plan                                       |    | (988)            | (1,042)          | -               | -                |
| Gain on share subscription of subsidiary                                     |    | -                | -                | -               | 9,000            |
|  |    | <u>(988)</u>     | <u>(1,042)</u>   | <u>-</u>        | <u>9,000</u>     |
| <b>Items that are or may subsequently be reclassified to profit or loss:</b> |    |                  |                  |                 |                  |
| Foreign currency translation effect  |    | (196,176)        | (220,023)        | (30,302)        | (15,865)         |
| (Loss) gain on cash flow hedge in joint ventures                             |    | (87,271)         | (83,954)         | 150,908         | 322,203          |
| Changes in fair value of available for sale securities                       |    | 21               | 53               | 3,194           | 3,323            |
|  |    | <u>(283,426)</u> | <u>(303,924)</u> | <u>123,800</u>  | <u>309,661</u>   |
| <b>Total other comprehensive income, net of tax</b>                          |    | <u>(284,414)</u> | <u>(304,966)</u> | <u>123,800</u>  | <u>318,661</u>   |
| <b>Total comprehensive income</b>  |    | <u>(302,581)</u> | <u>(82,346)</u>  | <u>76,379</u>   | <u>212,962</u>   |
| <b>Total net (loss) income attributable to:</b>                              |    |                  |                  |                 |                  |
| Owners of the Parent   |    | 22,683           | 128,987          | (44,781)        | (23,666)         |
| Non-controlling interests  |    | (40,850)         | 93,633           | (2,640)         | (82,033)         |
|  |    | <u>(18,167)</u>  | <u>222,620</u>   | <u>(47,421)</u> | <u>(105,699)</u> |
| <b>Total comprehensive (loss) income attributable to:</b>                    |    |                  |                  |                 |                  |
| Owners of the Company  |    | (253,103)        | (123,525)        | 25,637          | 172,401          |
| Non-controlling interests  |    | (49,478)         | 41,179           | 50,742          | 40,561           |
|  |    | <u>(302,581)</u> | <u>(82,346)</u>  | <u>76,379</u>   | <u>212,962</u>   |
| <b>Basic earnings (losses) per share from:</b>                               | 23 |                  |                  |                 |                  |
| Continuing operations  |    | R\$0.0931        | R\$0.5298        | R\$(0.1692)     | R\$(0.0894)      |
| <b>Diluted earnings (losses) per share from:</b>                             | 23 |                  |                  |                 |                  |
| Continuing operations  |    | R\$0.0897        | R\$0.5057        | R\$(0.2295)     | R\$(0.1502)      |

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

# Cosan Limited

## Consolidated statements of changes in equity

For the six month period ended June 30, 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 | -             | -                          | -                                    | (3,950)           | (3,950)                                      | (4,738)                  | (8,688)           |
| <b>At January 1, 2018</b>  | <b>5,328</b>  | <b>3,245,543</b>           | <b>(394,212)</b>                     | <b>3,178,148</b>  | <b>6,034,807</b>                             | <b>11,015,918</b>        | <b>17,050,725</b> |
| Profit for the period  | -             | -                          | -                                    | 128,987           | 128,987                                      | 93,633                   | 222,620           |
| <b>Other comprehensive income:</b>   |               |                            |                                      |                   |  |                          |                   |
| Loss on cash flow hedge in joint ventures                                    | -             | -                          | (49,783)                             | -                 | (49,783)                                     | (34,171)                 | (83,954)          |
| Foreign currency translation effects   | -             | -                          | (202,551)                            | -                 | (202,551)                                    | (17,472)                 | (220,023)         |
| Actuarial loss on defined benefit plan                                       | -             | -                          | (215)                                | -                 | (215)  | (827)                    | (1,042)           |
| Change in fair value of available for sale securities                        | -             | -                          | 37                                   | -                 | 37   | 16                       | 53                |
| <b>Total comprehensive income for the period</b>                             | <b>-</b>      | <b>-</b>                   | <b>(252,512)</b>                     | <b>128,987</b>    | <b>(123,525)</b>                             | <b>41,179</b>            | <b>(82,346)</b>   |
| <b>Contributions by and distributions to owners of the Company:</b>          |               |                            |                                      |                   |  |                          |                   |
| Dividends - non-controlling interests  | -             | (7,106)                    | -                                    | -                 | (7,106)                                      | 7,106                    | -                 |
| Share options exercised – Subsidiaries                                       | -             | 11,071                     | -                                    | -                 | 11,071                                       | 7,427                    | 18,498            |
| Dividends  | -             | -                          | -                                    | (69,621)          | (69,621)                                     | (71,216)                 | (140,837)         |
| Business combination   | -             | -                          | -                                    | -                 | -  | 2,209                    | 2,209             |
| Share-based payment transactions   | -             | 21,006                     | -                                    | -                 | 21,006                                       | 4,418                    | 25,424            |
| <b>Total contributions by and distributions to owners of the Company</b>     | <b>-</b>      | <b>24,971</b>              | <b>-</b>                             | <b>(69,621)</b>   | <b>(44,650)</b>                              | <b>(50,056)</b>          | <b>(94,706)</b>   |
| <b>Transactions with owners of the Company</b>                               |               |                            |                                      |                   |  |                          |                   |
| Change of shareholding interest in subsidiary                                | -             | (174,947)                  | -                                    | -                 | (174,947)                                    | (428,172)                | (603,119)         |
| <b>at June 30, 2018</b>  | <b>5,328</b>  | <b>3,095,567</b>           | <b>(646,724)</b>                     | <b>3,237,514</b>  | <b>5,691,685</b>                             | <b>10,578,869</b>        | <b>16,270,554</b> |

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



# Cosan Limited

## Consolidated statements of changes in equity

For the six month period ended June 30, 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> |
| Loss for the period  | -             | -                          | -                                    | (23,666)          | (23,666)                                     | (82,033)                 | (105,699)         |
| <b>Other comprehensive income:</b>                                       |               |                            |                                      |                   |  |                          |                   |
| Gain on cash flow hedge in joint ventures                                | -             | -                          | 200,523                              | -                 | 200,523                                      | 121,680                  | 322,203           |
| Foreign currency translation effects                                     | -             | -                          | (12,122)                             | -                 | (12,122)                                     | (3,744)                  | (15,866)          |
| Gain on share subscription of an subsidiary                              | -             | -                          | 5,598                                | -                 | 5,598  | 3,402                    | 9,000             |
| Change in fair value of available for sale securities                    | -             | -                          | 2,068                                | -                 | 2,068  | 1,256                    | 3,324             |
| <b>Total comprehensive income for the period</b>                         | <b>-</b>      | <b>-</b>                   | <b>196,067</b>                       | <b>(23,666)</b>   | <b>172,401</b>                               | <b>40,561</b>            | <b>212,962</b>    |
| <b>Contributions by and distributions to owners of the Company:</b>      |               |                            |                                      |                   |  |                          |                   |
| Share options exercised – Subsidiaries                                   | -             | 10,425                     | -                                    | -                 | 10,425                                       | 6,057                    | 16,482            |
| Dividends - non-controlling interests                                    | -             | (13,274)                   | -                                    | -                 | (13,274)                                     | 13,274                   | -                 |
| Increase capital   | -             | -                          | -                                    | -                 | -  | 2,815                    | 2,815             |
| Dividends  | -             | -                          | -                                    | (64,921)          | (64,921)                                     | (292,020)                | (356,941)         |
| Share-based payment transactions   | -             | 2,814                      | -                                    | -                 | 2,814  | 3,378                    | 6,192             |
| <b>Total contributions by and distributions to owners of the Company</b> | <b>-</b>      | <b>(35)</b>                | <b>-</b>                             | <b>(64,921)</b>   | <b>(64,956)</b>                              | <b>(266,496)</b>         | <b>(331,452)</b>  |
| <b>Transactions with owners of the Company</b>                           |               |                            |                                      |                   |  |                          |                   |
| Change of shareholding interest in subsidiary                            | -             | (124,699)                  | -                                    | -                 | (124,699)                                    | (106,282)                | (230,981)         |
| <b>At June 30, 2017</b>  | <b>5,328</b>  | <b>3,926,857</b>           | <b>(284,387)</b>                     | <b>2,607,411</b>  | <b>6,255,209</b>                             | <b>9,405,069</b>         | <b>15,660,278</b> |

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

# Cosan Limited

## Consolidated statements of cash flows

For the six month period ended June 30, 2018 and 2017

(In thousands of Brazilian Reais - R\$)

|  | <u>Note</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|--|-------------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                        |             |                      |                      |
| Profit (loss) before taxes   |             | 305,354              | (25,890)             |
| <b>Adjustments for:</b>  |             |                      |                      |
| Depreciation and amortization                                      |             | 987,951              | 897,360              |
| Lease and concession   |             | 100,631              | 95,223               |
| Interest in earnings of associates                                 | 11          | (15,638)             | (1,326)              |
| Interest in earnings of joint ventures                             | 12          | (348,113)            | (296,094)            |
| Losses on disposals of assets                                      |             | 869                  | 16,791               |
| Share-based payments   |             | 25,973               | 6,192                |
| Legal proceedings provision  |             | 56,087               | 41,528               |
| Indexation charges, interest and exchange, net                     |             | 1,329,278            | 1,386,044            |
| Provisions for employee benefits                                   |             | 83,579               | 62,067               |
| Allowance for doubtful accounts                                    |             | 6,657                | 21,143               |
| Deferred revenue   |             | (4,860)              | (8,223)              |
| Other  |             | (11,739)             | (13,525)             |
|  |             | <b>2,516,029</b>     | <b>2,181,290</b>     |
| <b>Changes in:</b>   |             |                      |                      |
| Trade receivables  |             | (206,513)            | (6,707)              |
| Inventories  |             | (63,411)             | 51,831               |
| Other taxes, net   |             | (175,195)            | (101,345)            |
| Related parties  |             | (58,274)             | 9,534                |
| Trade payables   |             | 23,307               | (91,189)             |
| Other financial liabilities  |             | (8,511)              | 50,332               |
| Employee benefits  |             | (142,426)            | (99,586)             |
| Provision for legal proceedings                                    |             | (56,191)             | (37,985)             |
| Judicial deposits  |             | (31,715)             | (15,849)             |
| Post-employment benefits   |             | (16,043)             | (13,209)             |
| Cash received on sale of credit rights                             |             | 1,340,000            | -                    |
| Concessions payable  |             | (53,310)             | (55,579)             |
| Other assets and liabilities, net                                  |             | (173,699)            | 39,479               |
|  |             | 378,019              | (270,273)            |
|  |             | <b>2,894,048</b>     | <b>1,911,017</b>     |
| <b>Net cash generated by operating activities</b>                  |             |                      |                      |
| <b>Cash flows from investing activities</b>                        |             |                      |                      |
| Capital contribution in associates                                 |             | (6,162)              | (3,967)              |
| Marketable securities  |             | 130,832              | (1,284,457)          |
| Restricted cash  |             | 59,150               | (18,720)             |
| Dividends received from associates                                 |             | 11,251               | 6,279                |
| Dividends received from joint ventures                             |             | 723,651              | 576,675              |
| Put option exercised paid  |             | -                    | (275,780)            |
| Acquisition of subsidiary, net of cash acquired                    |             | (72,985)             | -                    |
| Acquisition of property, plant and equipment and intangible assets |             | (1,313,437)          | (1,130,752)          |
| Cash received on sale of fixed assets, and intangible assets       |             | 1,369                | 8,097                |
|  |             | <b>(466,331)</b>     | <b>(2,122,625)</b>   |
| <b>Net cash used in investing activities</b>                       |             |                      |                      |

# Cosan Limited

## Consolidated statements of cash flows

For the six month period ended June 30, 2018 and 2017

(In thousands of Brazilian Reais - R\$)

|   |    |                    |                  |
|---|----|--------------------|------------------|
| <b>Cash flows from financing activities</b>                   |    |                    |                  |
| Loans and borrowings and debentures raised                    | 15 | 2,721,150          | 2,549,576        |
| Amortization of principal on loans, borrowings and debentures | 15 | (3,821,208)        | (919,914)        |
| Payment of interest on loans, borrowings and debentures       | 15 | (663,800)          | (757,662)        |
| Derivative financial instruments                              |    | 166,524            | (144,837)        |
| Amortization of principal on financing leases                 | 16 | (299,126)          | (210,265)        |
| Payment of interest on financing leases                       | 16 | (76,790)           | (159,160)        |
| Real estate credit certificates                               |    | (53,580)           | (64,936)         |
| Proceeds from issuing shares                                  |    | -                  | 1,891            |
| Non-controlling interest subscription                         |    | 4,163              | 20,375           |
| Dividends paid  |    | (579,025)          | (687,306)        |
| Acquisition of non-controlling interest                       |    | -                  | (10,192)         |
| Payments to redeem entity's shares                            |    | (607,932)          | (25,922)         |
| Share options exercised - subsidiaries                        |    | 18,498             | 16,346           |
| <b>Net cash used in financing activities</b>                  |    | <b>(3,191,126)</b> | <b>(392,006)</b> |
| <b>Decrease in cash and cash equivalents</b>                  |    | <b>(763,409)</b>   | <b>(603,614)</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             |    | 281,277            | 40,981           |
| <b>Cash and cash equivalents at end of the period</b>         |    | <b>4,073,045</b>   | <b>3,936,955</b> |
| <b>Supplemental cash flow information</b>                     |    |                    |                  |
| Income taxes paid   |    | 59,940             | 10,661           |

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 Reais – 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 60.29% 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 under the Mobil licensed trademark in Brazil, Bolivia, Uruguay, Paraguay and Europe market through its indirect subsidiaries Cosan Lubrificantes e Especialidades S.A. (“CLE”), Stanbridge Group Limited (“Stanbridge”), TTA - SAS Techniques et Technologie Appliquées, LubrigrupoII, S.A., Cosan Lubrificantes S.R.L, 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.

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. In addition, the incorporation of PGT S.A. was approved by ALL Armazéns Gerais Ltda.

On April 24, 2018, Raízen Combustíveis and its subsidiary Raízen Argentina Holdings S.A.U. entered into a contract for the acquisition of Shell’s downstream business in Argentina through the acquisition of 100% of the shares issued by Shell Compañía Argentina de Petróleo S.A and Energina Compañía Argentina de Petróleo S.A (“Shell Argentina”) for the amount of US\$ 950,000 thousands. The consideration to be paid assumes that Shell Argentina has no indebtedness and is subject to usual adjustments, including changes in working capital and net debt, up to the closing date.

Shell Argentina operates in the petroleum refining, fuel distribution, fuel reseller operations, manufacturing and commercialization of automotive and industrial lubricants, and the manufacture and sale of liquefied petroleum gas, among others.

The closing of the transaction is subject to the fulfillment of certain previous conditions, among which

## Cosan Limited

### Notes to the consolidated interim financial statements

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

the carve-out of the assets related to the operation of oil exploration and production, as well as other usual for operations of this nature.

During the six-month period ended June 30, 2018, Raízen Combustíveis made a partial advance for the acquisition of Shell Argentina in the amount of R\$ 341,000, equivalent to U.S.\$ 100,000 thousand.

At May 31, 2018, Cosan through its subsidiary Comma, acquired control of the companies TTA - SAS Techniques et Technologies Appliquées and LubrigrupoII, S.A in the preliminary amount of R\$ 42,650 and R\$ 5,933 respectively, generating an additional goodwill in the Lubricants segment of R\$ 17,131 and R\$ 2,383 (Note 14), respectively. The transferred consideration, net of cash received, totaled R\$ 32,583 and R\$ 4,533, respectively.

On June 30, 2018, the Company, through its subsidiary Comma, supplemented the price paid on account of compliance with certain contractual conditions in which it generated an increase in consideration in the amount of R \$ 31,726 (Note 14), R\$ 8,111 on March 31, 2018, relating to the acquisition of the full control of Stanbridge Group Limited. In addition, after fulfilling the contractual conditions and reviewing the fair value of the transaction, the remaining balance and the additional preliminary consideration in the amount of R\$ 35,869 were settled in cash. On May 31, 2018, Management made part of the allocation of the purchase price under “Customer Relations” in the amount of R \$ 136,499 (Note 14).

As announced to the market, on August 2, 2018, the Civil Police of the State of Paraná launched on July 31, 2018, the Operation “Controlled Margin” to investigate the alleged involvement of Raízen Combustíveis S.A. (“Raízen”), a joint venture formed by Cosan and Shell, in practices to control the final price of fuel sold in gas stations located in such region. On the same date, search and seizure warrants were executed and three of Raízen’s employees were temporarily arrested and on August 3, 2018, the court determined the release of them. To this moment, in view of the existing information, no irregular conduct may be attributed to Raízen or its employees. No complaints were filed against any employees of Raízen, and no court order was issued determining the freeze of any assets or funds in its bank accounts.

In parallel, also on July 31, 2018, in connection with the so-called Operation Dubai, the Prosecution Office of the Federal District filed a complaint against, among other parties, Raízen and one employee on the grounds of alleged anticompetitive practice. In said complaint, the Prosecution Office requested freeze of assets and funds of Raízen of approximately R\$120,000, and such request is under analysis. Raízen is taking the necessary steps to bring the appropriate remedies against that decision. According to analysis of the Company and Raízen, based on the information available so far, the above-mentioned allegations have no factual or legal grounds the prices charged in the gas stations are set exclusively by resellers, with no interference of Raízen.

At the present date there is no definitive decision or material impact on the business and financial statements of Raízen, and for the time being, there is no evidence to show that in the future, there will be a material impact on the financial statements of Raízen.

## **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.

# Cosan Limited

## Notes to the consolidated interim financial statements

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

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 August 3, 2018.

Certain amounts of the comparative balances in the statements of cash flows and in the notes 3, 5, 10, 20, 21 and 26, 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.

### 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>June 30, 2018</u> | <u>December 31, 2017</u> |
|---|----------------------|--------------------------|
| <b>Directly owned subsidiaries</b>                              |                      |                          |
| Cosan Logística S.A.  | 72.51%               | 72.53%                   |
| Cosan S.A.  | 60.29%               | 58.21%                   |
| <b>Interest of Cosan S.A. in its subsidiaries</b>               |                      |                          |
| Companhia de Gás de São Paulo – Comgás <sup>(ii)</sup>          | 80.12%               | 79.87%                   |
| Cosan Biomassa S.A. <sup>(i)</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>(i)</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%                  |
| TTA - SAS Techniques et Technologies Appliquées <sup>(iv)</sup> | 75.00%               | -                        |
| Cosan Lubrificantes S.R.L <sup>(iv)</sup>                       | 100,00%              | -                        |
| LubrigrupoII, S.A <sup>(iv)</sup>                               | 100,00%              | -                        |
| Cosan Lubrificantes e Especialidades S.A.                       | 100.00%              | 100.00%                  |
| Cosan Luxembourg S.A.   | 100.00%              | 100.00%                  |
| Cosan Overseas Limited  | 100.00%              | 100.00%                  |
| Cosan Paraguay S.A.   | 100.00%              | 100.00%                  |
| Cosan U.S., Inc.  | 100.00%              | 100.00%                  |
| Ilha Terminal Distribuição de Produtos Químicos                 | 100.00%              | 100.00%                  |
| Pasadena Empreendimentos e Participações S.A. <sup>(i)</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 Reals – R\$, unless otherwise stated)

|   | <u>June 30, 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. <sup>(iii)</sup>                         | -                    | 28.47%                   |
| ALL Serviços Ltda. <sup>(iii)</sup>                         | -                    | 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. <sup>(iii)</sup>                                   | -                    | 28.47%                   |

- (i) 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\$ 155,618 as of June 30, 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.
- (ii) As of June 30, 2018, the Company increased its interest, in Comgás to 80.12% due to the capital increase arising from the partial use of the goodwill tax benefit, according to Ordinary / Extraordinary General Meeting of April 25, 2018, of the subsidiary Comgás. As a consequence, a loss in shareholders' equity was recognized in the total amount of R\$ 7,888.
- (iii) As mentioned in Note 1, the merger of Brado Holding S.A., Rumo Malha Norte Holding Ltda. and Tezza Consultoria de Negócios Ltda. (“ALL Serviços Ltda.”) By “Rumo.” In addition, the incorporation of PGT S.A. by ALL Armazéns Gerais Ltda.
- (iv) Acquisition of control of companies in the Lubricants segment as described in the note 1.

### 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:

## Cosan Limited

### Notes to the consolidated interim financial statements

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

- 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 contract 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 (ie 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 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\$ 37,813 to reduce the revenue previously recorded in selling expenses. In the period ended June 30, 2017, the amount of R\$ 46,836 was recorded as selling expenses.



# Cosan Limited

## Notes to the consolidated interim financial statements

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

### 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:

| <b>Assets</b>                 |             |              |
|-------------------------------|-------------|--------------|
| Trades receivables            |             | R\$ (11,520) |
| Investments in joint ventures | R\$ (1,340) |              |
| Deferred tax                  |             | R\$ 4,172    |
| <b>Equity</b>                 |             |              |
| Retained earnings             |             | R\$ 8,688    |

### (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

## Cosan Limited

### Notes to the consolidated interim financial statements

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

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\$ 11,520. The rise in the provision resulted in adjustment to retained earnings in the amount of R\$ 8,688.

#### **(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.

## Cosan Limited

### Notes to the consolidated interim financial statements

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

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 June 30, 2018, the Company carried out the following transactions that did not involve cash and are therefore not reflected in the statement of cash flows:

- Capital increase in subsidiary Moove, 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\$ 2,431.

#### **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 assessment of the potential impact on its financial statements. So far, was identified that the subsidiary Rumo and Comgás will recognize new assets and liabilities for its operating leases. In the jointly-owned subsidiary Raízen, 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.

## Cosan Limited

### Notes to the consolidated interim financial statements

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

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.

#### 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, thermo 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"), Stanbridge Group Limited ("Stanbridge"), TTA - SAS Techniques et Technologies Appliquées, LubrigrupoII, S.A. e Cosan Lubrificantes S.R.L, 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)

April 1, 2018 to June 30, 2018

|   | 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 Logistica |
| <b>Statement of income or loss:</b>                 |                   |                     |                |               |                 |                 |                                |                                    |                        |                 |                 |
| Net sales   | 4,091,556         | 19,594,604          | 1,592,803      | 826,673       | 1,664,545       | 29              | (23,686,160)                   | (9,559)                            | 4,074,491              | 2,419,504       | 1,664,545       |
| Domestic market                                     | 2,616,400         | 19,594,604          | 1,592,803      | 804,300       | 1,574,137       | 29              | (22,211,004)                   | (9,559)                            | 3,961,710              | 2,397,131       | 1,574,137       |
| External market                                     | 1,475,156         | -                   | -              | 22,373        | 90,408          | -               | (1,475,156)                    | -                                  | 112,781                | 22,373          | 90,408          |
| Cost of sales                                       | (3,790,328)       | (18,824,974)        | (1,140,367)    | (666,065)     | (1,116,424)     | -               | 22,615,302                     | 9,559                              | (2,913,297)            | (1,806,431)     | (1,116,424)     |
| Gross profit  | 301,228           | 769,630             | 452,436        | 160,608       | 548,121         | 29              | (1,070,858)                    | -                                  | 1,161,194              | 613,073         | 548,121         |
| Selling expenses                                    | (184,954)         | (339,826)           | (152,090)      | (93,034)      | (2,407)         | (1)             | 524,780                        | -                                  | (247,532)              | (245,125)       | (2,407)         |
| General and administrative expenses                 | (155,960)         | (115,004)           | (81,824)       | (36,792)      | (68,180)        | (49,558)        | 270,964                        | -                                  | (236,354)              | (152,865)       | (68,180)        |
| Other income (expense), net                         | 50,838            | 97,412              | (4,065)        | (2,987)       | (4,144)         | (9,663)         | (148,250)                      | -                                  | (20,859)               | (16,716)        | (4,144)         |
| Financial results                                   | (115,652)         | (260,074)           | (65,925)       | 5,336         | (459,566)       | (223,680)       | 375,726                        | -                                  | (743,835)              | (361,636)       | (459,566)       |
| Finance expense                                     | (246,890)         | (41,680)            | (135,020)      | (10,162)      | (297,915)       | (71,058)        | 288,570                        | 1,736                              | (512,419)              | (208,129)       | (297,915)       |
| Finance income                                      | 171,292           | 49,830              | 69,402         | 2,305         | 51,287          | 36,984          | (221,122)                      | (1,736)                            | 158,242                | 129,538         | 51,287          |
| Foreign exchange losses, net                        | (141,466)         | (767,074)           | (93,241)       | (17,457)      | (620,168)       | (660,913)       | 908,540                        | -                                  | (1,391,779)            | (752,669)       | (620,168)       |
| Derivatives   | 101,412           | 498,850             | 92,934         | 30,650        | 407,230         | 471,307         | (600,262)                      | -                                  | 1,002,121              | 469,624         | 407,230         |
| Interest in earnings of associates                  | (1,402)           | -                   | -              | 9,236         | 3,785           | 56,527          | 1,402                          | (51,104)                           | 18,444                 | 14,659          | 3,785           |
| Interest in earnings of joint ventures              | -                 | -                   | -              | -             | -               | 50,457          | -                              | -                                  | 50,457                 | 50,457          | -               |
| Income tax expense benefit                          | 82,052            | (22,308)            | (54,641)       | (7,846)       | (52,642)        | 115,447         | (59,744)                       | -                                  | 318                    | 52,707          | (52,642)        |
| <b>(Loss) profit from continuing operations</b>     | <b>(23,850)</b>   | <b>129,830</b>      | <b>93,891</b>  | <b>34,521</b> | <b>(35,033)</b> | <b>(60,442)</b> | <b>(105,980)</b>               | <b>(51,104)</b>                    | <b>(18,167)</b>        | <b>(45,446)</b> | <b>(35,033)</b> |
| <b>Total net income attributable to:</b>            |                   |                     |                |               |                 |                 |                                |                                    |                        |                 |                 |
| Owners of the Parent                                | (23,832)          | 124,646             | 75,147         | 34,365        | (10,675)        | (60,602)        | (100,814)                      | (15,552)                           | 22,683                 | (64,345)        | (10,675)        |
| Non-controlling interests                           | (18)              | 5,184               | 18,744         | 156           | (24,358)        | 160             | (5,166)                        | (35,552)                           | (40,850)               | 18,899          | (24,358)        |
|   | <b>(23,850)</b>   | <b>129,830</b>      | <b>93,891</b>  | <b>34,521</b> | <b>(35,033)</b> | <b>(60,442)</b> | <b>(105,980)</b>               | <b>(51,104)</b>                    | <b>(18,167)</b>        | <b>(45,446)</b> | <b>(35,033)</b> |
| <b>Other selected data:</b>                         |                   |                     |                |               |                 |                 |                                |                                    |                        |                 |                 |
| Depreciation and amortization                       | 430,106           | 30,590              | 116,356        | 28,479        | 365,937         | 3,886           | (460,696)                      | -                                  | 514,658                | 148,640         | 365,937         |
| EBITDA  | 439,856           | 442,802             | 330,813        | 65,510        | 843,112         | 51,677          | (882,658)                      | (51,104)                           | 1,240,008              | 412,123         | 843,112         |
| Additions to PP&E, intangible and biological assets | 480,470           | 496,982             | 123,312        | 10,136        | 556,122         | 388             | (977,452)                      | -                                  | 689,958                | 111,916         | 556,122         |
| <b>Reconciliation of EBITDA:</b>                    |                   |                     |                |               |                 |                 |                                |                                    |                        |                 |                 |
| (Loss) profit for the period                        | (23,850)          | 129,830             | 93,891         | 34,521        | (35,033)        | (60,442)        | (105,980)                      | (51,104)                           | (18,167)               | (45,446)        | (35,033)        |
| Income tax and social contribution                  | (82,052)          | 22,308              | 54,641         | 7,846         | 52,642          | (115,447)       | 59,744                         | -                                  | (318)                  | (52,707)        | 52,642          |
| Financial result, net                               | 115,652           | 260,074             | 65,925         | (5,336)       | 459,566         | 223,680         | (375,726)                      | -                                  | 743,835                | 361,636         | 459,566         |
| Depreciation and amortization                       | 430,106           | 30,590              | 116,356        | 28,479        | 365,937         | 3,886           | (460,696)                      | -                                  | 514,658                | 148,640         | 365,937         |
| <b>EBITDA</b>                                       | <b>439,856</b>    | <b>442,802</b>      | <b>330,813</b> | <b>65,510</b> | <b>843,112</b>  | <b>51,677</b>   | <b>(882,658)</b>               | <b>(51,104)</b>                    | <b>1,240,008</b>       | <b>412,123</b>  | <b>843,112</b>  |

# Cosan Limited

## Notes to the consolidated interim financial statements

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

|   | January 1, 2018 to June 30, 2018 |                     |                |                |                  |                 |                                |                                    |                        |                  |                  |
|---|----------------------------------|---------------------|----------------|----------------|------------------|-----------------|--------------------------------|------------------------------------|------------------------|------------------|------------------|
|   | 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   | 8,604,494                        | 39,089,576          | 3,023,679      | 1,551,245      | 3,061,228        | 430             | (47,694,070)                   | (18,663)                           | 7,617,919              | 4,575,346        | 3,061,228        |
| Domestic market                                     | 5,543,056                        | 39,089,576          | 3,023,679      | 1,514,594      | 2,924,889        | 430             | (44,632,632)                   | (18,663)                           | 7,444,929              | 4,538,695        | 2,924,889        |
| External market                                     | 3,061,438                        | -                   | -              | 36,651         | 136,339          | -               | (3,061,438)                    | -                                  | 172,990                | 36,651           | 136,339          |
| Cost of sales                                       | (7,735,380)                      | (37,346,658)        | (2,082,799)    | (1,244,562)    | (2,117,138)      | (140)           | 45,082,038                     | 18,663                             | (5,425,976)            | (3,327,493)      | (2,117,138)      |
| Gross profit  | 869,114                          | 1,742,918           | 940,880        | 306,683        | 944,090          | 290             | (2,612,032)                    | -                                  | 2,191,943              | 1,247,853        | 944,090          |
| Selling expenses                                    | (340,048)                        | (684,928)           | (306,555)      | (179,811)      | (6,234)          | (1)             | 1,024,976                      | -                                  | (492,601)              | (486,366)        | (6,234)          |
| General and administrative expenses                 | (329,374)                        | (250,332)           | (158,596)      | (59,435)       | (137,795)        | (93,879)        | 579,706                        | -                                  | (449,705)              | (281,666)        | (137,795)        |
| Other income (expense), net                         | 159,296                          | 196,796             | (4,318)        | (4,094)        | (8,539)          | (26,569)        | (356,092)                      | -                                  | (43,520)               | (34,981)         | (8,539)          |
| Financial results                                   | (151,946)                        | (332,440)           | (87,555)       | (3,696)        | (808,392)        | (364,871)       | 484,386                        | -                                  | (1,264,514)            | (469,093)        | (808,392)        |
| Finance expense                                     | (445,772)                        | (35,710)            | (231,884)      | (17,290)       | (640,820)        | (125,583)       | 481,482                        | 3,275                              | (1,012,302)            | (320,668)        | (640,820)        |
| Finance income                                      | 310,068                          | 98,626              | 142,733        | 5,272          | 126,885          | 75,475          | (408,694)                      | (3,275)                            | 347,090                | 245,228          | 126,885          |
| Foreign exchange losses, net                        | (135,124)                        | (854,154)           | (87,826)       | (19,290)       | (633,141)        | (727,478)       | 989,278                        | -                                  | (1,467,735)            | (790,755)        | (633,141)        |
| Derivatives   | 118,882                          | 458,798             | 89,422         | 27,612         | 338,684          | 412,715         | (577,680)                      | -                                  | 868,433                | 397,102          | 338,684          |
| Interest in earnings of associates                  | (5,560)                          | -                   | -              | 4,176          | 5,165            | 383,527         | 5,560                          | (377,230)                          | 15,638                 | 10,469           | 5,165            |
| Interest in earnings of joint ventures              | -                                | -                   | -              | -              | -                | 348,113         | -                              | -                                  | 348,113                | 348,113          | -                |
| Income tax (expense) benefit                        | 9,658                            | (165,164)           | (130,989)      | (16,325)       | (81,028)         | 145,608         | 155,506                        | -                                  | (82,734)               | (2,062)          | (81,028)         |
| <b>Profit (loss) from continuing operations</b>     | <b>211,140</b>                   | <b>506,850</b>      | <b>252,867</b> | <b>47,498</b>  | <b>(92,733)</b>  | <b>392,218</b>  | <b>(717,990)</b>               | <b>(377,230)</b>                   | <b>222,620</b>         | <b>332,267</b>   | <b>(92,733)</b>  |
| <b>Total net income attributable to:</b>            |                                  |                     |                |                |                  |                 |                                |                                    |                        |                  |                  |
| Owners of the Company                               | 211,146                          | 486,452             | 202,127        | 47,342         | (26,900)         | 387,501         | (697,598)                      | (481,083)                          | 128,987                | 281,371          | (26,900)         |
| Non-controlling interests                           | (6)                              | 20,398              | 50,740         | 156            | (65,833)         | 4,717           | (20,392)                       | 103,853                            | 93,633                 | 50,896           | (65,833)         |
|   | <b>211,140</b>                   | <b>506,850</b>      | <b>252,867</b> | <b>47,498</b>  | <b>(92,733)</b>  | <b>392,218</b>  | <b>(717,990)</b>               | <b>(377,230)</b>                   | <b>222,620</b>         | <b>332,267</b>   | <b>(92,733)</b>  |
| <b>Other selected data:</b>                         |                                  |                     |                |                |                  |                 |                                |                                    |                        |                  |                  |
| Depreciation and amortization                       | 1,041,694                        | 100,790             | 233,772        | 49,335         | 697,057          | 7,787           | (1,142,484)                    | -                                  | 987,951                | 290,741          | 697,057          |
| EBITDA  | 1,395,122                        | 1,105,244           | 705,183        | 116,854        | 1,493,744        | 619,268         | (2,500,366)                    | (377,230)                          | 2,557,819              | 1,094,163        | 1,493,744        |
| Additions to PP&E, intangible and biological assets | 1,496,676                        | 585,750             | 251,627        | 21,334         | 1,039,864        | 612             | (2,082,426)                    | -                                  | 1,313,437              | 273,639          | 1,039,864        |
| <b>Reconciliation of EBITDA:</b>                    |                                  |                     |                |                |                  |                 |                                |                                    |                        |                  |                  |
| Profit (loss) for the period                        | 211,140                          | 506,850             | 252,867        | 47,498         | (92,733)         | 392,218         | (717,990)                      | (377,230)                          | 222,620                | 332,267          | (92,733)         |
| Income tax and social contribution                  | (9,658)                          | 165,164             | 130,989        | 16,325         | 81,028           | (145,608)       | (155,506)                      | -                                  | 82,734                 | 2,062            | 81,028           |
| Financial result, net                               | 151,946                          | 332,440             | 87,555         | 3,696          | 808,392          | 364,871         | (484,386)                      | -                                  | 1,264,514              | 469,093          | 808,392          |
| Depreciation and amortization                       | 1,041,694                        | 100,790             | 233,772        | 49,335         | 697,057          | 7,787           | (1,142,484)                    | -                                  | 987,951                | 290,741          | 697,057          |
| <b>EBITDA</b>                                       | <b>1,395,122</b>                 | <b>1,105,244</b>    | <b>705,183</b> | <b>116,854</b> | <b>1,493,744</b> | <b>619,268</b>  | <b>(2,500,366)</b>             | <b>(377,230)</b>                   | <b>2,557,819</b>       | <b>1,094,163</b> | <b>1,493,744</b> |

# Cosan Limited

## Notes to the consolidated interim financial statements

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

|   | April 1, 2017 to June 30, 2017 |                     |                |               |                 |                  |                                |                                    |                        |                 |                 |
|---|--------------------------------|---------------------|----------------|---------------|-----------------|------------------|--------------------------------|------------------------------------|------------------------|-----------------|-----------------|
|   | 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 income or loss:</b>                 |                                |                     |                |               |                 |                  |                                |                                    |                        |                 |                 |
| Net sales   | 3,105,914                      | 17,264,040          | 1,359,665      | 511,466       | 1,506,143       | 183              | (20,369,954)                   | (8,950)                            | 3,368,507              | 1,871,281       | 1,506,143       |
| Domestic market                                     | 1,726,017                      | 17,264,040          | 1,359,665      | 399,717       | 1,426,995       | 183              | (18,990,057)                   | (8,950)                            | 3,177,610              | 1,759,532       | 1,426,995       |
| External market                                     | 1,379,897                      | -                   | -              | 111,749       | 79,148          | -                | (1,379,897)                    | -                                  | 190,897                | 111,749         | 79,148          |
| Cost of sales                                       | (3,095,884)                    | (16,499,280)        | (866,811)      | (354,429)     | (989,334)       | (548)            | 19,595,164                     | 8,950                              | (2,202,172)            | (1,221,755)     | (989,334)       |
| Gross profit  | 10,030                         | 764,760             | 492,854        | 157,037       | 516,809         | (365)            | (774,790)                      | -                                  | 1,166,335              | 649,526         | 516,809         |
| Selling expenses                                    | (186,415)                      | (327,978)           | (164,243)      | (99,902)      | (17,285)        | (5)              | 514,393                        | -                                  | (281,435)              | (264,150)       | (17,285)        |
| General and administrative expenses                 | (128,491)                      | (102,422)           | (81,081)       | (21,175)      | (65,877)        | (34,776)         | 230,913                        | -                                  | (202,909)              | (137,210)       | (65,877)        |
| Other (expense) income, net                         | (7,733)                        | 225,052             | (9,308)        | (314)         | (2,211)         | (35,887)         | (217,319)                      | -                                  | (47,720)               | (45,509)        | (2,211)         |
| Financial results                                   | (98,083)                       | (71,169)            | (41,192)       | (4,377)       | (432,864)       | (206,048)        | 169,252                        | -                                  | (684,481)              | (256,940)       | (432,864)       |
| Finance expense                                     | (231,311)                      | (69,598)            | (141,297)      | (11,097)      | (459,653)       | (255,091)        | 300,909                        | -                                  | (867,138)              | (383,937)       | (459,653)       |
| Finance income                                      | 206,246                        | 25,989              | 100,180        | 8,739         | 78,996          | 46,847           | (232,235)                      | -                                  | 234,762                | 157,169         | 78,996          |
| Foreign exchange losses, net                        | (13,790)                       | (159,127)           | (42,378)       | (7,547)       | (128,958)       | (133,738)        | 172,917                        | -                                  | (312,621)              | (213,937)       | (128,958)       |
| Derivatives   | (59,228)                       | 131,567             | 42,303         | 5,528         | 76,751          | 135,934          | (72,339)                       | -                                  | 260,516                | 183,765         | 76,751          |
| Interest in earnings of associates                  | (10,494)                       | -                   | -              | (2,568)       | 1,412           | 43,411           | 10,494                         | (43,883)                           | (1,628)                | (3,042)         | 1,412           |
| Interest in earnings of joint ventures              | -                              | -                   | -              | -             | -               | 40,397           | -                              | -                                  | 40,397                 | 40,397          | -               |
| Income tax expense benefit                          | 171,283                        | (143,768)           | (70,815)       | (10,775)      | (30,808)        | 76,418           | (27,515)                       | -                                  | (35,980)               | (12,220)        | (30,808)        |
| <b>(Loss) profit from continuing operations</b>     | <b>(249,903)</b>               | <b>344,475</b>      | <b>126,215</b> | <b>17,926</b> | <b>(30,824)</b> | <b>(116,855)</b> | <b>(94,572)</b>                | <b>(43,883)</b>                    | <b>(47,421)</b>        | <b>(29,148)</b> | <b>(30,824)</b> |
| <b>Total net income attributable to:</b>            |                                |                     |                |               |                 |                  |                                |                                    |                        |                 |                 |
| Owners of the Parent                                | (249,903)                      | 329,889             | 80,018         | 17,926        | (9,550)         | (117,181)        | (79,986)                       | (15,994)                           | (44,781)               | (76,041)        | (9,550)         |
| Non-controlling interests                           | -                              | 14,586              | 46,197         | -             | (21,274)        | 326              | (14,586)                       | (27,889)                           | (2,640)                | 46,893          | (21,274)        |
|   | <b>(249,903)</b>               | <b>344,475</b>      | <b>126,215</b> | <b>17,926</b> | <b>(30,824)</b> | <b>(116,855)</b> | <b>(94,572)</b>                | <b>(43,883)</b>                    | <b>(47,421)</b>        | <b>(29,148)</b> | <b>(30,824)</b> |
| <b>Other selected data:</b>                         |                                |                     |                |               |                 |                  |                                |                                    |                        |                 |                 |
| Depreciation and amortization                       | 505,515                        | 162,420             | 128,070        | 19,901        | 298,739         | 4,095            | (667,935)                      | -                                  | 450,805                | 152,066         | 298,739         |
| EBITDA  | 182,412                        | 721,832             | 366,292        | 52,979        | 731,587         | 16,870           | (904,244)                      | (43,883)                           | 1,123,845              | 392,078         | 731,587         |
| Additions to PP&E, intangible and biological assets | 410,813                        | 159,978             | 102,727        | 5,034         | 478,181         | 2,163            | (570,791)                      | -                                  | 588,105                | 109,215         | 478,181         |
| <b>Reconciliation of EBITDA:</b>                    |                                |                     |                |               |                 |                  |                                |                                    |                        |                 |                 |
| (Loss) profit for the period                        | (249,903)                      | 344,475             | 126,215        | 17,926        | (30,824)        | (116,855)        | (94,572)                       | (43,883)                           | (47,421)               | (29,148)        | (30,824)        |
| Income tax and social contribution                  | (171,283)                      | 143,768             | 70,815         | 10,775        | 30,808          | (76,418)         | 27,515                         | -                                  | 35,980                 | 12,220          | 30,808          |
| Financial result, net                               | 98,083                         | 71,169              | 41,192         | 4,377         | 432,864         | 206,048          | (169,252)                      | -                                  | 684,481                | 256,940         | 432,864         |
| Depreciation and amortization                       | 505,515                        | 162,420             | 128,070        | 19,901        | 298,739         | 4,095            | (667,935)                      | -                                  | 450,805                | 152,066         | 298,739         |
| <b>EBITDA</b>                                       | <b>182,412</b>                 | <b>721,832</b>      | <b>366,292</b> | <b>52,979</b> | <b>731,587</b>  | <b>16,870</b>    | <b>(904,244)</b>               | <b>(43,883)</b>                    | <b>1,123,845</b>       | <b>392,078</b>  | <b>731,587</b>  |

# Cosan Limited

## Notes to the consolidated interim financial statements

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

|   | January 1, 2017 to June 30, 2017 |                     |                |               |                  |                 |                                |                                    |                        |                |                  |
|---|----------------------------------|---------------------|----------------|---------------|------------------|-----------------|--------------------------------|------------------------------------|------------------------|----------------|------------------|
|   | 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   | 6,019,148                        | 34,962,194          | 2,505,932      | 958,162       | 2,705,317        | 362             | (40,981,342)                   | (15,535)                           | 6,154,238              | 3,464,422      | 2,705,317        |
| Domestic market                                     | 3,343,013                        | 34,962,194          | 2,505,932      | 757,911       | 2,577,951        | 362             | (38,305,207)                   | (15,535)                           | 5,826,621              | 3,264,171      | 2,577,951        |
| External market                                     | 2,676,135                        | -                   | -              | 200,251       | 127,366          | -               | (2,676,135)                    | -                                  | 327,617                | 200,251        | 127,366          |
| Cost of sales                                       | (5,328,028)                      | (33,246,205)        | (1,586,931)    | (668,415)     | (1,920,186)      | (1,615)         | 38,574,233                     | 15,534                             | (4,161,613)            | (2,256,929)    | (1,920,186)      |
| Gross profit  | 691,120                          | 1,715,989           | 919,001        | 289,747       | 785,131          | (1,254)         | (2,407,109)                    | -                                  | 1,992,625              | 1,207,493      | 785,131          |
| Selling expenses                                    | (330,717)                        | (642,079)           | (332,030)      | (187,291)     | (19,640)         | (57)            | 972,796                        | -                                  | (539,018)              | (519,378)      | (19,640)         |
| General and administrative expenses                 | (287,252)                        | (218,664)           | (158,194)      | (41,394)      | (129,185)        | (81,510)        | 505,916                        | -                                  | (410,283)              | (274,127)      | (129,185)        |
| Other (expense) income, net                         | (93,027)                         | 179,275             | (9,889)        | (168)         | (4,405)          | (49,298)        | (86,248)                       | -                                  | (63,760)               | (59,354)       | (4,405)          |
| Financial results                                   | 36,980                           | (243,286)           | (82,616)       | (24,175)      | (884,077)        | (312,006)       | 206,306                        | -                                  | (1,302,874)            | (391,977)      | (884,077)        |
| Finance expense                                     | (451,555)                        | (119,869)           | (356,319)      | (18,386)      | (948,040)        | (442,625)       | 571,424                        | -                                  | (1,765,370)            | (807,496)      | (948,040)        |
| Finance income                                      | 380,211                          | 70,589              | 273,956        | 12,663        | 122,641          | 108,511         | (450,800)                      | -                                  | 517,771                | 423,895        | 122,641          |
| Foreign exchange losses, net                        | (39,177)                         | (49,907)            | (13,664)       | (3,625)       | (128,464)        | (47,980)        | 89,084                         | -                                  | (193,733)              | (77,048)       | (128,464)        |
| Derivatives   | 147,501                          | (144,099)           | 13,411         | (14,827)      | 69,786           | 70,088          | (3,402)                        | -                                  | 138,458                | 68,672         | 69,786           |
| Interest in earnings of associates                  | (47,771)                         | -                   | -              | (4,147)       | 3,158            | 181,244         | 47,771                         | (178,929)                          | 1,326                  | (1,834)        | 3,158            |
| Interest in earnings of joint ventures              | -                                | -                   | -              | -             | -                | 296,094         | -                              | -                                  | 296,094                | 296,094        | -                |
| Income tax (expense) benefit                        | 93,711                           | (233,167)           | (126,529)      | (13,513)      | (30,633)         | 90,866          | 139,456                        | -                                  | (79,809)               | (49,562)       | (30,633)         |
| <b>Profit (loss) from continuing operations</b>     | <b>63,044</b>                    | <b>558,068</b>      | <b>209,743</b> | <b>19,059</b> | <b>(279,651)</b> | <b>124,079</b>  | <b>(621,112)</b>               | <b>(178,929)</b>                   | <b>(105,699)</b>       | <b>207,355</b> | <b>(279,651)</b> |
| <b>Total net income attributable to:</b>            |                                  |                     |                |               |                  |                 |                                |                                    |                        |                |                  |
| Owners of the Company                               | 63,044                           | 529,784             | 132,359        | 19,059        | (80,473)         | 117,445         | (592,828)                      | (212,056)                          | (23,666)               | 129,273        | (80,473)         |
| Non-controlling interests                           | -                                | 28,284              | 77,384         | -             | (199,178)        | 6,634           | (28,284)                       | 33,127                             | (82,033)               | 78,082         | (199,178)        |
|   | <b>63,044</b>                    | <b>558,068</b>      | <b>209,743</b> | <b>19,059</b> | <b>(279,651)</b> | <b>124,079</b>  | <b>(621,112)</b>               | <b>(178,929)</b>                   | <b>(105,699)</b>       | <b>207,355</b> | <b>(279,651)</b> |
| <b>Other selected data:</b>                         |                                  |                     |                |               |                  |                 |                                |                                    |                        |                |                  |
| Depreciation and amortization                       | 954,248                          | 312,590             | 260,818        | 39,553        | 588,704          | 8,285           | (1,266,838)                    | -                                  | 897,360                | 308,657        | 588,704          |
| EBITDA  | 886,601                          | 1,347,111           | 679,706        | 96,300        | 1,223,763        | 353,504         | (2,233,712)                    | (178,929)                          | 2,174,344              | 957,551        | 1,223,763        |
| Additions to PP&E, intangible and biological assets | 1,300,558                        | 418,803             | 171,447        | 6,770         | 950,064          | 2,471           | (1,719,361)                    | -                                  | 1,130,752              | 179,979        | 950,064          |
| <b>Reconciliation of EBITDA:</b>                    |                                  |                     |                |               |                  |                 |                                |                                    |                        |                |                  |
| Profit (loss) for the period                        | 63,044                           | 558,068             | 209,743        | 19,059        | (279,651)        | 124,079         | (621,112)                      | (178,929)                          | (105,699)              | 207,355        | (279,651)        |
| Income tax and social contribution                  | (93,711)                         | 233,167             | 126,529        | 13,513        | 30,633           | (90,866)        | (139,456)                      | -                                  | 79,809                 | 49,562         | 30,633           |
| Financial result, net                               | (36,980)                         | 243,286             | 82,616         | 24,175        | 884,077          | 312,006         | (206,306)                      | -                                  | 1,302,874              | 391,977        | 884,077          |
| Depreciation and amortization                       | 954,248                          | 312,590             | 260,818        | 39,553        | 588,704          | 8,285           | (1,266,838)                    | -                                  | 897,360                | 308,657        | 588,704          |
| <b>EBITDA</b>                                       | <b>886,601</b>                   | <b>1,347,111</b>    | <b>679,706</b> | <b>96,300</b> | <b>1,223,763</b> | <b>353,504</b>  | <b>(2,233,712)</b>             | <b>(178,929)</b>                   | <b>2,174,344</b>       | <b>957,551</b> | <b>1,223,763</b> |



Cosan Limited

Notes to the consolidated interim financial statements

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

| <u>Statement of financial position:</u>                | 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 | 2,351,476           | 691,695           | 1,376,192        | 146,742           | 83,907            | 2,466,204                      | (3,043,171)         | -                  | 4,073,045              | 3,144,354         |
| Marketable securities                                  | -                         | -                   | 1,090,901         | 8,993            | 2,488,020         | 216,792           | -                              | -                   | 3,804,706          | 1,316,650              | 2,488,020         |
| Trade receivables                                      | 822,618                   | 2,504,378           | 752,655           | 437,479          | 402,122           | 6                 | (3,326,996)                    | -                   | 1,592,262          | 1,190,140              | 402,122           |
| Derivative financial instruments                       | 813,830                   | 506,483             | 408,245           | 27,427           | 480,484           | 824,388           | (1,320,313)                    | -                   | 1,740,544          | 1,251,159              | 480,484           |
| Inventories  | 2,001,259                 | 2,427,576           | 69,142            | 336,171          | 354,188           | 2,276             | (4,428,835)                    | -                   | 761,777            | 407,589                | 354,188           |
| Other financial assets                                 | 395,887                   | -                   | -                 | -                | -                 | -                 | (395,887)                      | -                   | -                  | 376,925                | -                 |
| Other current assets                                   | 3,605,787                 | 2,284,918           | 291,585           | 95,358           | 490,644           | 592,095           | (5,890,705)                    | (303,795)           | 1,165,887          | 714,495                | 490,644           |
| Other non-current assets                               | 4,065,011                 | 3,524,472           | 347,822           | 77,776           | 2,692,563         | 1,059,352         | (7,589,483)                    | (1,435)             | 4,176,078          | 1,483,512              | 2,692,563         |
| Investments in associates                              | 357,967                   | 341,010             | -                 | 18,052           | 39,357            | 11,924,957        | (698,977)                      | (11,637,151)        | 345,215            | 305,858                | 39,357            |
| Investments in joint ventures                          | -                         | -                   | -                 | -                | -                 | 8,022,046         | -                              | -                   | 8,022,046          | 8,022,046              | -                 |
| Biological assets                                      | 838,770                   | -                   | -                 | -                | -                 | -                 | (838,770)                      | -                   | -                  | -                      | -                 |
| Property, plant and equipment                          | 11,358,109                | 2,280,671           | -                 | 276,783          | 11,667,811        | 138,945           | (13,638,780)                   | -                   | 12,083,539         | 412,969                | 11,667,811        |
| Intangible assets and goodwill                         | 3,586,709                 | 2,073,704           | 8,469,686         | 894,923          | 7,557,415         | 4,443             | (5,660,413)                    | -                   | 16,926,467         | 9,369,013              | 7,557,415         |
| Loans, borrowings and debentures                       | (11,579,392)              | (3,024,509)         | (4,262,973)       | (747,665)        | (10,147,713)      | (7,184,207)       | 14,603,901                     | -                   | (22,342,558)       | (10,274,857)           | (10,147,713)      |
| Derivative financial instruments                       | (679,450)                 | (167,253)           | -                 | (427)            | -                 | (31,020)          | 846,703                        | -                   | (31,447)           | (24,116)               | -                 |
| Trade payables   | (3,007,310)               | (1,271,947)         | (1,606,452)       | (439,184)        | (484,687)         | (4,621)           | 4,279,257                      | -                   | (2,534,944)        | (2,050,235)            | (484,687)         |
| Real estate credit certificates                        | -                         | -                   | -                 | -                | (36,873)          | -                 | -                              | -                   | (36,873)           | -                      | (36,873)          |
| Employee benefits payable                              | (502,204)                 | (132,784)           | (42,275)          | (28,194)         | (147,840)         | (22,276)          | 634,988                        | -                   | (240,585)          | (92,569)               | (147,840)         |
| Preferred shareholders payable in subsidiaries         | -                         | -                   | -                 | -                | -                 | (1,211,620)       | -                              | -                   | (1,211,620)        | (1,211,621)            | -                 |
| Lease  | -                         | -                   | -                 | -                | (671,270)         | -                 | -                              | -                   | (671,270)          | -                      | (671,270)         |
| Other current liabilities                              | (1,628,569)               | (2,221,448)         | (161,797)         | (200,685)        | (743,437)         | (908,637)         | 3,850,017                      | 305,227             | (1,709,329)        | (965,284)              | (743,437)         |
| Other non-current liabilities                          | (1,430,169)               | (4,853,183)         | (1,946,475)       | (207,162)        | (6,083,299)       | (1,530,537)       | 6,283,352                      | 125,087             | (9,642,386)        | (3,616,919)            | (6,083,299)       |
| Total assets (net of liabilities) allocated by segment | 11,370,329                | 4,963,783           | 4,786,256         | 696,387          | 7,941,392         | 14,358,586        | (16,334,112)                   | (11,512,067)        | 16,270,554         | 9,759,109              | 7,941,392         |
| <b>Total assets</b>                                    | <b>30,197,423</b>         | <b>16,634,907</b>   | <b>12,806,228</b> | <b>2,319,704</b> | <b>26,256,511</b> | <b>25,251,504</b> | <b>(46,832,330)</b>            | <b>(11,942,381)</b> | <b>54,691,566</b>  | <b>27,994,710</b>      | <b>26,256,511</b> |
| Equity attributable to owners of the Company           | 11,371,316                | 4,739,442           | 3,874,016         | 694,026          | 2,189,087         | 14,358,228        | (16,110,758)                   | (15,423,672)        | 5,691,685          | 8,844,508              | 2,189,087         |
| Non-controlling interests                              | (987)                     | 224,341             | 912,240           | 2,361            | 5,752,305         | 358               | (223,354)                      | 3,911,605           | 10,578,869         | 914,601                | 5,752,305         |
| <b>Total shareholders' equity</b>                      | <b>11,370,329</b>         | <b>4,963,783</b>    | <b>4,786,256</b>  | <b>696,387</b>   | <b>7,941,392</b>  | <b>14,358,586</b> | <b>(16,334,112)</b>            | <b>(11,512,067)</b> | <b>16,270,554</b>  | <b>9,759,109</b>       | <b>7,941,392</b>  |

# Cosan Limited

## Notes to the consolidated interim financial statements

(In thousands of Brazilian Reals – 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:

|   | April 1, 2018<br>to June 30,<br>2018 | January 1,<br>2018 to June<br>30, 2018 | April 1,<br>2017 to June<br>30, 2017 | January 1,<br>2017 to June<br>30, 2017 |
|---|--------------------------------------|--|--------------------------------------|--|
| <b>Reported segment</b>   |                                      |  |                                      |  |
| <b>Raízen Energia</b>   |                                      |  |                                      |  |
| Ethanol   | 1,624,324                            | 4,048,018                              | 1,614,698                            | 3,145,257                              |
| Sugar   | 729,444                              | 2,079,694                              | 1,221,516                            | 2,513,242                              |
| Gas   | 275,069                              | 396,791                                | -                                    | -                                      |
| Diesel  | 1,122,690                            | 1,122,690                              | -                                    | -                                      |
| Cogeneration  | 303,939                              | 412,934                                | 198,677                              | 239,775                                |
| Other   | 36,090                               | 544,367                                | 71,023                               | 120,874                                |
|   | <b>4,091,556</b>                     | <b>8,604,494</b>                       | <b>3,105,914</b>                     | <b>6,019,148</b>                       |
| <b>Raízen Combustíveis</b>  |                                      |  |                                      |  |
| Fuels   | 19,594,604                           | 39,089,576                             | 17,264,040                           | 34,962,194                             |
|   | <b>19,594,604</b>                    | <b>39,089,576</b>                      | <b>17,264,040</b>                    | <b>34,962,194</b>                      |
| <b>Comgás</b>   |                                      |  |                                      |  |
| Industrial  | 1,017,538                            | 1,959,418                              | 840,938                              | 1,601,201                              |
| Residential   | 238,830                              | 429,026                                | 228,418                              | 379,903                                |
| Cogeneration  | 71,850                               | 130,525                                | 50,754                               | 98,477                                 |
| Automotive  | 62,957                               | 118,151                                | 54,733                               | 105,989                                |
| Commercial  | 90,735                               | 172,285                                | 79,305                               | 146,984                                |
| Construction revenue  | 96,177                               | 185,670                                | 86,787                               | 143,114                                |
| Other   | 14,716                               | 28,604                                 | 18,730                               | 30,264                                 |
|   | <b>1,592,803</b>                     | <b>3,023,679</b>                       | <b>1,359,665</b>                     | <b>2,505,932</b>                       |
| <b>Moove</b>  |                                      |  |                                      |  |
| Finished goods  | 738,030                              | 1,384,111                              | 425,491                              | 806,714                                |
| Basic oil   | 79,057                               | 150,066                                | 78,650                               | 136,171                                |
| Services  | 9,586                                | 17,068                                 | 7,325                                | 15,277                                 |
|   | <b>826,673</b>                       | <b>1,551,245</b>                       | <b>511,466</b>                       | <b>958,162</b>                         |
| <b>Logistics</b>  |                                      |  |                                      |  |
| Northern operations   | 1,210,680                            | 2,264,025                              | 1,116,347                            | 2,030,515                              |
| Southern operations   | 389,195                              | 677,345                                | 332,963                              | 570,052                                |
| Container operations  | 64,670                               | 119,858                                | 56,833                               | 104,750                                |
|   | <b>1,664,545</b>                     | <b>3,061,228</b>                       | <b>1,506,143</b>                     | <b>2,705,317</b>                       |
| <b>Reconciliation</b>   |                                      |  |                                      |  |
| <b>Cosan Corporate</b>  | <b>29</b>                            | <b>430</b>                             | <b>183</b>                           | <b>362</b>                             |
| IFRS 11 - Deconsolidated of<br>adjustments/eliminations<br>joint ventures and<br>eliminations | (23,695,719)                         | (47,712,733)                           | (20,378,904)                         | (40,996,877)                           |
| <b>Total</b>  | <b>4,074,491</b>                     | <b>7,617,919</b>                       | <b>3,368,507</b>                     | <b>6,154,238</b>                       |

## Cosan Limited

### Notes to the consolidated interim financial statements

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

In the following table, revenue is disaggregated by products and service lines and timing of revenue recognition:

|  | <b>April 1,<br/>2018 to June<br/>30, 2018</b> | <b>January 1,<br/>2018 to June<br/>30, 2018</b> | <b>April 1,<br/>2017 to June<br/>30, 2017</b> | <b>January 1,<br/>2017 to June<br/>30, 2017</b> |
|--|---|---|---|---|
| <b>At a point in time</b>  |   |   |   |   |
| Fuels  | 22,616,687                                    | 44,657,075                                      | 18,878,738                                    | 38,107,451                                      |
| Sugar  | 729,444                                       | 2,079,694                                       | 1,221,516                                     | 2,513,242                                       |
| Gas distribution   | 1,410,060                                     | 2,678,880                                       | 1,203,394                                     | 2,234,077                                       |
| Lubricants and basic oil   | 426,025                                       | 1,143,114                                       | 504,141                                       | 942,885   |
| Cogeneration   | 375,789                                       | 543,459   | 249,431                                       | 338,252   |
| Construction revenue   | 96,177  | 185,670   | 86,787  | 143,114   |
| Other  | 441,868                                       | 964,033   | 89,753  | 151,138   |
|  | <b>26,096,050</b>                             | <b>52,251,926</b>                               | <b>22,233,760</b>                             | <b>44,430,159</b>                               |
| <b>Over time</b>   |   |   |   |   |
| Transportation   | 71,902  | 131,798   | 82,560  | 143,104   |
| Port Elevation   | 1,484,365                                     | 2,717,843                                       | 1,307,316                                     | 2,339,662                                       |
| Other services   | 117,893                                       | 229,085   | 123,775                                       | 238,190   |
|  | <b>1,674,160</b>                              | <b>3,078,726</b>                                | <b>1,513,651</b>                              | <b>2,720,956</b>                                |
| IFRS 11 - Deconsolidated of<br>adjustments/eliminations<br>joint ventures and eliminations | (23,695,719)                                  | (47,712,733)                                    | (20,378,904)                                  | (40,996,877)                                    |
| <b>Total of net sales</b>  | <b>4,074,491</b>                              | <b>7,617,919</b>                                | <b>3,368,507</b>                              | <b>6,154,238</b>                                |

## 6 Cash and cash equivalents

|                        | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|------------------------|----------------------|--------------------------|
| Cash and bank deposits | 117,349              | 53,525                   |
| Savings account        | 595,882              | 2,115,562                |
| Financial investments  | 3,359,814            | 2,386,090                |
|                        | <b>4,073,045</b>     | <b>4,555,177</b>         |

Financial investments are composed as follows:

|                                    | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|------------------------------------|----------------------|--------------------------|
| <b>Investment fund</b>             |                      |                          |
| Repurchase agreements              | 1,647,264            | 1,474,509                |
| Bank certificate of deposits - CDB | 355,802              | 377,605                  |
|                                    | <b>2,003,066</b>     | <b>1,852,114</b>         |
| <b>Bank investments</b>            |                      |                          |
| Repurchase agreements              | 116,083              | 160,124                  |
| Bank certificate of deposits - CDB | 401,239              | 367,988                  |
| Other                              | 839,426              | 5,864                    |
|                                    | <b>1,356,748</b>     | <b>533,976</b>           |
|                                    | <b>3,359,814</b>     | <b>2,386,090</b>         |

# Cosan Limited

## Notes to the consolidated interim financial statements

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

### 7 Marketable securities and Restricted cash

#### Marketable securities

|                                    | <u>June 30, 2018</u>    | <u>December 31, 2017</u> |
|------------------------------------|-------------------------|--------------------------|
| Government security                | 3,744,928               | 3,640,726                |
| Bank certificate of deposits - CDB | 59,778                  | 212,617                  |
|                                    | <u><b>3,804,706</b></u> | <u><b>3,853,343</b></u>  |

#### Restricted cash

|                                  | <u>June 30, 2018</u>  | <u>December 31, 2017</u> |
|----------------------------------|-----------------------|--------------------------|
| Investments linked to loans      | 71,920                | 93,251                   |
| Securities pledged as collateral | 95,862                | 132,383                  |
|                                  | <u><b>167,782</b></u> | <u><b>225,634</b></u>    |
| <b>Current</b>                   | <u><b>1,394</b></u>   | <u><b>-</b></u>          |
| <b>Non-current</b>               | <u><b>166,388</b></u> | <u><b>225,634</b></u>    |

### 8 Trade receivables

|                                 | <u>June 30, 2018</u>    | <u>December 31, 2017</u> |
|---------------------------------|-------------------------|--------------------------|
| Domestic – Brazilian Reais      | 1,604,059               | 1,388,837                |
| Export – Foreign currency       | 108,744                 | 54,635                   |
| Allowance for doubtful accounts | (120,541)               | (121,052)                |
|                                 | <u><b>1,592,262</b></u> | <u><b>1,322,420</b></u>  |
| <b>Current</b>                  | <u><b>1,546,639</b></u> | <u><b>1,277,766</b></u>  |
| <b>Non-current</b>              | <u><b>45,623</b></u>    | <u><b>44,654</b></u>     |

### 9 Other current tax receivables

|                       | <u>June 30, 2018</u>    | <u>December 31, 2017</u> |
|-----------------------|-------------------------|--------------------------|
| ICMS - State VAT      | 519,470                 | 477,160                  |
| ICMS CIAP - State VAT | 175,068                 | 214,745                  |
| Credit installment    | 39,597                  | 38,926                   |
| PIS - Revenue tax     | 86,391                  | 73,214                   |
| COFINS - Revenue tax  | 292,018                 | 278,512                  |
| Other                 | 31,010                  | 23,673                   |
|                       | <u><b>1,143,554</b></u> | <u><b>1,106,230</b></u>  |
| <b>Current</b>        | <u><b>332,864</b></u>   | <u><b>327,410</b></u>    |
| <b>Non-Current</b>    | <u><b>810,690</b></u>   | <u><b>778,820</b></u>    |

Cosan Limited

Notes to the consolidated interim financial statements

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

**10 Related parties**

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

|  | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|--|----------------------|--------------------------|
| <b>Current Asset</b>                             |                      |                          |
| <b>Commercial operation</b>                      |                      |                          |
| Raízen Energia S.A.                              | 49,121               | 22,283                   |
| Aguassanta Participações S.A.                    | 32                   | 17                       |
| Raízen Combustíveis S.A.                         | 11,349               | 6,094                    |
| Other  | 1,769                | 1,665                    |
|  | <b>62,271</b>        | <b>30,059</b>            |
| <b>Non-current assets</b>                        |                      |                          |
| <b>Commercial operations</b>                     |                      |                          |
| Raízen Combustíveis S.A.                         | 22,534               | 18,086                   |
| <b>Receivables under the framework agreement</b> |                      |                          |
| Janus Brasil Participações S.A.                  | -                    | 30,423                   |
| Raízen Energia S.A.                              | 37,099               | 87,969                   |
|  | <b>37,099</b>        | <b>118,392</b>           |
| <b>Financial and corporation operations</b>      |                      |                          |
| Rezende Barbosa                                  | 27,744               | 31,444                   |
| Other  | 1,913                | 1,833                    |
|  | <b>29,657</b>        | <b>33,277</b>            |
|  | <b>89,290</b>        | <b>169,755</b>           |
|  | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
| <b>Current liabilities</b>                       |                      |                          |
| <b>Corporate operations</b>                      |                      |                          |
| Raízen Energia S.A.                              | 221,456              | 198,198                  |
| Raízen Combustíveis S.A.                         | 131,796              | 128,189                  |
| Other  | 1,373                | 1,876                    |
|  | <b>354,625</b>       | <b>328,263</b>           |

Cosan Limited

Notes to the consolidated interim financial statements

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

**b) Related party transactions:**

|                                    | <b>April 1, 2018<br/>to June 30,<br/>2018</b> | <b>January 1,<br/>2018 to June<br/>30, 2018</b> | <b>April 1, 2017<br/>to June 30,<br/>2017</b> | <b>January 1,<br/>2017 to June<br/>30, 2017</b> |
|------------------------------------|---|---|---|---|
| <b>Sales of goods and services</b> |   |   |   |   |
| Raízen Combustíveis S.A            | 40,794  | 79,364  | 32,959  | 68,776  |
| Raízen Energia S.A.                | 89,006  | 174,287   | 98,320  | 176,060   |
|                                    | <b>129,800</b>                                | <b>253,651</b>                                  | <b>131,279</b>                                | <b>244,836</b>                                  |
| <b>Purchase of goods / Inputs</b>  |   |   |   |   |
| Raízen Energia S.A.                | (119)   | (186)   | (143)   | (291)   |
| Raízen Combustíveis S.A.           | (302,968)                                     | (555,419)                                       | (238,573)                                     | (442,290)                                       |
|                                    | <b>(303,087)</b>                              | <b>(555,605)</b>                                | <b>(238,716)</b>                              | <b>(442,581)</b>                                |
| <b>Shared expense</b>              |   |   |   |   |
| Raízen Energia S.A.                | (17,964)                                      | (36,490)  | (20,963)                                      | (38,097)  |
|                                    | <b>(17,964)</b>                               | <b>(36,490)</b>                                 | <b>(20,963)</b>                               | <b>(38,097)</b>                                 |
| <b>Financial result</b>            |   |   |   |   |
| Usina Santa Luiza                  | (60)  | (119)   | (57)  | (261)   |
| Raízen Energia S.A.                | 2,481   | 4,449   | 3,499   | 3,784   |
| Other                              | 19  | 101   | -   | -   |
|                                    | <b>2,440</b>                                  | <b>4,431</b>                                    | <b>3,442</b>                                  | <b>3,523</b>                                    |

**c) Officers' and directors' compensation**

|  | <b>April 1, 2018<br/>to June 30,<br/>2018</b> | <b>January 1,<br/>2018 to<br/>June 30,<br/>2018</b> | <b>April 1,<br/>2017 to<br/>June 30,<br/>2017</b> | <b>January 1,<br/>2017 to<br/>June 30,<br/>2017</b> |
|--|---|---|---|---|
| Short-term benefits to officers and directors    | 18,335  | 34,484  | 16,989  | 42,547  |
| Post-employment benefits                         | 91  | 162   | 196   | 461   |
| Other long-term benefits                         | 35  | 70  | 141   | 271   |
| Benefits from termination of employment contract | 677   | 677   | -   | -   |
| Share-based payment transactions                 | 2,559   | 13,914  | 3,347   | 6,192   |
|  | <b>21,697</b>                                 | <b>49,307</b>                                       | <b>20,673</b>                                     | <b>49,471</b>                                       |

## Cosan Limited

### Notes to the consolidated interim financial statements

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

#### 11 Investments in associates

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

|                                     | <b>Shares issued<br/>by the<br/>associate</b> | <b>Shares held by<br/>Cosan</b>                            | <b>Cosan<br/>ownership<br/>interest</b>   | <b>Economic<br/>benefits %</b> |                             |                          |   |
|-------------------------------------|---|--|---|--------------------------------|-----------------------------|--------------------------|---|
|                                     | <b>January 1,<br/>2018</b>                    | <b>Interest in<br/>earnings (losses)<br/>of associates</b> | <b>Other<br/>comprehensive<br/>income</b> | <b>Dividends</b>               | <b>Capital<br/>increase</b> | <b>June 30,<br/>2018</b> | <b>Interest in<br/>earnings (losses)<br/>of associates in<br/>June 30, 2017</b> |
| Tellus Brasil Participações S.A.    | 120,920,492                                   | 61,359,624   | 50.74%                                    | 5.00%                          |                             |                          |   |
| Novvi Limited Liability Company     | 1,011,000                                     | 202,200  | 20.00%                                    | 20.00%                         |                             |                          |   |
| Janus Brasil Participações S.A.     | 142,202,486                                   | 72,200,370   | 50.77%                                    | 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  | 1,670  | -   | (1,855)                        | -                           | 98,538                   | 2,799   |
| Novvi Limited Liability Company     | 11,756  | 4,204  | 1,718                                     | -                              | -                           | 17,678                   | (4,147)   |
| Janus Brasil Participações S.A.     | 51,426  | 3,873  | -   | (2,754)                        | 36,585                      | 89,130                   | 588   |
| Radar Propriedades Agrícolas S.A    | 57,532  | 613  | 53  | -                              | -                           | 58,198                   | 924   |
| Radar II Propriedades Agrícolas S.A | 31,126  | 441  | 12  | (184)                          | -                           | 31,395                   | 564   |
| Usina Santa Luiza S.A               | 4,389   | (457)  | -   | -                              | 1,833                       | 5,765                    | -   |
| Other                               | 46,390  | 5,294  | 565                                       | (7,738)                        | -                           | 44,511                   | 598   |
| <b>Total</b>                        | <b>301,342</b>                                | <b>15,638</b>  | <b>2,348</b>                              | <b>(12,531)</b>                | <b>38,418</b>               | <b>345,215</b>           | <b>1,326</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<br>by the<br>associate | Shares held<br>by non-<br>controlling<br>shareholders | Non-<br>controlling<br>interest |
|--|--------------------------------------|---|---------------------------------|
| Cosan S.A.                             | 407,904,353                          | 155,759,721   | 38.19%                          |
| Cosan Logística S.A.                   | 463,224,241                          | 127,265,347   | 27.47%                          |
| Companhia de Gás de São Paulo - Comgás | 132,023,251                          | 26,243,394  | 19.88%                          |
| 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%                          |

|  | January 1,<br>2018 | Interest in<br>earnings<br>(losses) of<br>associates | Change of<br>shareholding<br>interest in<br>subsidiary | Other<br>comprehensive<br>income (losses) | Dividends       | New<br>standards<br>adopted<br>by the<br>Company<br>- Note 3.2 | Business<br>combination | Other         | June 30,<br>2018  | Interest in<br>earnings<br>(losses) of<br>associates in<br>June 30,<br>2017 |
|--|--------------------|--|--|---|-----------------|--|-------------------------|---------------|-------------------|---|
| Cosan S.A.                             | 3,795,050          | 111,248  | (440,817)  | (58,960)                                  | (57,426)        | (2,646)  | -                       | 8,530         | 3,354,979         | 54,611  |
| Cosan Logística S.A.                   | 607,284            | (7,396)  | 594  | 628                                       | -               | (77)   | -                       | 827           | 601,860           | (22,182)  |
| Companhia de Gás de São Paulo - Comgás | 850,595            | 51,052   | 12,051   | 130                                       | -               | (1,280)  | -                       | -             | 912,548           | 78,082  |
| Rumo S.A.                              | 5,732,763          | (65,543)   | -  | 5,748                                     | (1,947)         | (735)  | -                       | 2,488         | 5,672,774         | (198,603)   |
| Logisport Armazéns Agrícolas S.A.      | 34,588             | (290)  | -  | -   | -               | -  | -                       | -             | 34,298            | (575)   |
| Other                                  | 376                | 4,562  | -  | -   | (4,737)         | -  | 2,209                   | -             | 2,410             | 6,634   |
| <b>Total</b>                           | <b>11,020,656</b>  | <b>93,633</b>  | <b>(428,172)</b>                                       | <b>(52,454)</b>                           | <b>(64,110)</b> | <b>(4,738)</b>   | <b>2,209</b>            | <b>11,845</b> | <b>10,578,869</b> | <b>(82,033)</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<br/>Combustíveis S.A.</b> | <b>Raízen Energia<br/>S.A.</b> | <b>Total</b>     |
|--|-------------------------------------|--------------------------------|------------------|
| Ordinary shares issued by the joint venture                | 1,661,418,472                       | 7,243,283,198                  |                  |
| Shares held by Cosan                                       | 830,709,236                         | 3,621,641,599                  |                  |
| <b>Cosan ownership interest</b>                            | <b>50%</b>                          | <b>50%</b>                     |                  |
| Interest in earnings of joint ventures<br>at June 30, 2017 | 264,447                             | 31,647                         | <b>296,094</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                     | 243,276                             | 104,837                        | 348,113          |
| Other comprehensive income                                 | 28,727                              | (185,743)                      | (157,016)        |
| Interest on capital  | (39,500)                            | -                              | (39,500)         |
| Dividends  | (307,340)                           | (270,010)                      | (577,350)        |
| <b>June 30, 2018</b>                                       | <b>3,111,151</b>                    | <b>4,910,895</b>               | <b>8,022,046</b> |

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

On June 30, 2018, the Company was in compliance with the covenants of the agreements governing the Joint Ventures.

Cosan Limited

Notes to the consolidated interim financial statements

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

**13 Property, plant and equipment**

|                             | Land, buildings and improvements | Machinery, equipment and facilities | Railcars and locomotives (ii) | Permanent railways (i) | Construction in progress | Other          | Total              |
|-----------------------------|----------------------------------|-------------------------------------|-------------------------------|------------------------|--------------------------|----------------|--------------------|
| <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                   | (13)                             | 62                                  | -                             | -                      | 1,051,104                | 5,012          | 1,056,165          |
| Disposals                   | (2,317)                          | (2,436)                             | (45,036)                      | -                      | (164)                    | (30,014)       | (79,967)           |
| Transfers                   | 126,924                          | 135,410                             | 190,742                       | 498,723                | (973,394)                | 29,462         | 7,867              |
| Business combinations (iii) | -                                | -                                   | -                             | -                      | -                        | 5,699          | 5,699              |
| <b>At June 30, 2018</b>     | <b>1,194,689</b>                 | <b>1,007,434</b>                    | <b>6,241,301</b>              | <b>5,634,839</b>       | <b>1,063,648</b>         | <b>350,735</b> | <b>15,492,646</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                   | (23,553)                         | (60,146)                            | (314,862)                     | (228,028)              | -                        | (15,360)       | (641,949)          |
| Disposals                   | 2,317                            | 2,436                               | 44,679                        | -                      | -                        | 25,028         | 74,460             |
| Transfers                   | 204                              | -                                   | -                             | -                      | -                        | (20,515)       | (20,311)           |
| <b>At June 30, 2018</b>     | <b>(318,531)</b>                 | <b>(401,856)</b>                    | <b>(1,515,834)</b>            | <b>(1,177,805)</b>     | -                        | <b>4,919</b>   | <b>(3,409,107)</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 June 30, 2018</b>     | <b>876,158</b>                   | <b>605,578</b>                      | <b>4,725,467</b>              | <b>4,457,034</b>       | <b>1,063,648</b>         | <b>355,654</b> | <b>12,083,539</b>  |

(i) Leasehold improvements and finance leases included.

(ii) On June 30, 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).

(iii) Property, plant and equipment acquired on the acquisition of the full control of the company TTA - SAS Techniques & Technologie Appliques as detailed in Note 01

## 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                           | -              | 189,815            | -                 | -                | 36,854                 | 22,401           | 249,070            |
| Disposals                           | -              | (33,752)           | -                 | -                | (2,685)                | (70)             | (36,507)           |
| Transfers                           | -              | 740                | -                 | -                | (765)                  | 8,514            | 8,489              |
| Business combination <sup>(i)</sup> | (85,259)       | -                  | -                 | -                | 136,499                | -                | 51,240             |
| <b>At June 30, 2018</b>             | <b>766,626</b> | <b>17,590,070</b>  | <b>435,624</b>    | <b>252,474</b>   | <b>1,159,290</b>       | <b>457,793</b>   | <b>20,661,877</b>  |
| <b>Amortization</b>                 |                |                    |                   |                  |                        |                  |                    |
| <b>At January 1, 2018</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                           | -              | (239,526)          | (5,870)           | (11,414)         | (58,888)               | (30,854)         | (346,552)          |
| Disposals                           | -              | 24,778             | -                 | -                | 2,268                  | 66               | 27,112             |
| Transfers                           | -              | (360)              | -                 | -                | 360                    | 5                | 5                  |
| <b>At June 30, 2018</b>             | -              | <b>(2,219,765)</b> | <b>(218,486)</b>  | <b>(216,857)</b> | <b>(843,686)</b>       | <b>(236,616)</b> | <b>(3,735,410)</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 June 30, 2018</b>             | <b>766,626</b> | <b>15,370,305</b>  | <b>217,138</b>    | <b>35,617</b>    | <b>315,604</b>         | <b>221,177</b>   | <b>16,926,467</b>  |

(i) Acquisition of control of companies in the Lubricants segment and allocation of the purchase price of the acquisition of Stambridge Group Limited (Note 1).

#### Capitalization of borrowing costs

Capitalized borrowing costs for the period ended June 30, 2018, amounted to R\$ 4,400 (R\$ 5,155 for the period ended June 30, 2017). The weighted average interest rate used to capitalize borrowing costs on the balance of concession right, was 7.51% p.a. for the period ended June 30, 2018 (10.42% p.a. for the period ended June 30, 2017).

## Cosan Limited

### Notes to the consolidated interim financial statements

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

| <u>Intangible assets (excluding goodwill)</u>        | <u>Annual rate of<br/>amortization - %</u> | <u>June 30, 2018</u> | <u>December 31,<br/>2017</u> |
|--|--|----------------------|------------------------------|
| Gas distribution concession - Comgás <sup>(i)</sup>  | Concession term                            | 8,199,662            | 8,197,514                    |
| Concession rights - Rumo <sup>(ii)</sup>             | Concession term                            | 7,170,643            | 7,231,096                    |
|  |  | <b>15,370,305</b>    | <b>15,428,610</b>            |
| Operating license for port terminal <sup>(iii)</sup> | 4.00                                       | 217,138              | 223,008                      |
| Trademarks   |  |                      |                              |
| <i>Mobil</i>   | 10.00                                      | 11,414               | 22,827                       |
| <i>Comma</i>   | -  | 24,203               | 24,204                       |
|  |  | <b>35,617</b>        | <b>47,031</b>                |
| Relationship with customers:                         |  |                      |                              |
| Comgás   | 20.00                                      | 160,669              | 174,458                      |
| Lubricants   | 6.00                                       | 154,935              | 27,503                       |
|  |  | <b>315,604</b>       | <b>201,961</b>               |
| Other  |  |                      |                              |
| Software license                                     | 20.00                                      | 168,147              | 167,520                      |
| Other  |  | 53,030               | 53,595                       |
|  |  | <b>221,177</b>       | <b>221,115</b>               |
| <b>Total</b>   |  | <b>16,159,841</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.

During the period ended June 30, 2018, no impairment indicators were identified that would require the review of the last test conducted at December 31, 2017.

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                  |                    | June 30,<br>2018  | December<br>31, 2017 | Maturity |
|----------------------------|---------------------------|--------------------|-------------------|----------------------|----------|
|                            | Index at June 30,<br>2018 | Annual<br>interest |                   |                      |          |
| <b>Loan and borrowings</b> |                           |                    |                   |                      |          |
| BNDES                      | URTJLP                    | 8.42%              | 2,075,279         | 2,270,055            | Jun-29   |
|                            | Fixed                     | 5.27%              | 1,169,296         | 1,281,416            | Feb-25   |
|                            | TJ462                     | 9.45%              | 401,555           | 485,807              | Oct-20   |
|                            | Selic                     | 8.32%              | 188,187           | 221,222              | Oct-20   |
|                            | Selic                     | 8.49%              | 68,779            | 66,794               | Jun-23   |
|                            | TJLP                      | 8.65%              | 119,895           | 120,573              | Jun-23   |
|                            | Selic                     | 13.65%             | 3,543             | 4,075                | Sep-20   |
|                            | Fixed                     | 3.76%              | 2,278             | 2,695                | Jan-24   |
|                            | IPCA                      | 12.13%             | 2,999             | 2,840                | Nov-21   |
| EIB                        | U.S.\$                    | 3.88%              | 118,788           | 127,190              | Jun-20   |
|                            | U.S.\$                    | 2.94%              | 68,803            | 70,611               | Sep-20   |
|                            | U.S.\$ + LIBOR            | 3.03%              | 137,339           | 138,778              | May-21   |
|                            | U.S.\$ + LIBOR            | 2.91%              | 150,341           | 149,386              | Sep-21   |
| Foreign loans              | GBP + Libor               | 3.95%              | 364,334           | 312,642              | Dec-22   |
|                            | GBP + Libor               | 2.22%              | 179,267           | 157,432              | Nov-19   |
| NCE                        | 112% of CDI               | 7.18%              | 29,919            | 59,858               | Dec-18   |
|                            | 126% of CDI               | 8.12%              | 514,388           | -                    | Dec-23   |
|                            | CDI + 3.50%               | 10.11%             | 295,554           | 294,968              | Dec-18   |
|                            | 125% of CDI               | 8.05%              | 645,604           | 644,766              | Dec-23   |
| Perpetual Notes            | U.S.\$                    | 8.25%              | 1,952,200         | 1,674,847            | -        |
| Resolution 4131            | U.S.\$                    | 4.79%              | 49,416            | 68,305               | Oct-20   |
|                            | U.S.\$ + Libor            | 3.47%              | 154,633           | 50,868               | Feb-20   |
|                            | U.S.\$                    | 2.40%              | -                 | 415,762              | Mar-18   |
|                            | U.S.\$                    | 3.67%              | 282,606           | -                    | May-23   |
| Senior Notes Due 2018      | Fixed                     | 9.50%              | -                 | 168,052              | Mar-18   |
| Senior Notes Due 2023      | U.S.\$                    | 5.00%              | 378,920           | 339,665              | Mar-23   |
| Senior Notes Due 2027      | U.S.\$                    | 7.00%              | 2,761,149         | 2,530,443            | Jan-27   |
| Senior Notes Due 2024      | U.S.\$                    | 7.38%              | 2,891,496         | 2,570,622            | Feb-24   |
| Senior Notes Due 2024      | U.S.\$                    | 5.95%              | 1,919,988         | 1,664,850            | Sep-24   |
| Senior Notes Due 2025      | U.S.\$                    | 5.88%              | 1,861,518         | -                    | Jan-25   |
| FINEP                      | Fixed                     | 5.00%              | 93,165            | 93,058               | Nov-22   |
| Trade banks                | CDI + 4.91% p.a.          | 12.14%             | 30                | 98,117               | Jun-19   |
|                            | Fixed U.S.\$              | 5.33%              | 97,662            | 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%              | 20,142            | 21,221               | Jul-18   |
|                            | 120.85% of CDI            | 7.77%              | 10,842            | 10,440               | Jul-18   |
|                            | 120.75% of CDI            | 7.77%              | 20,703            | 20,879               | Jul-18   |
|                            | 122% of CDI               | 7.85%              | 15,400            | -                    | Feb-19   |
| Bank overdrafts            | 125.5% of CDI             | 8.08%              | -                 | 94                   | Jun-18   |
| Prepayment                 | U.S.\$+Libor              | 3.70%              | 11,698            | 10,039               | Apr-19   |
|                            |                           |                    | <b>19,057,716</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                  |                    | June 30,<br>2018  | December<br>31, 2017 | Maturity |
|----------------------------|---------------------------|--------------------|-------------------|----------------------|----------|
|                            | Index at June 30,<br>2018 | Annual<br>interest |                   |                      |          |
| <b>Debentures</b>          |                           |                    |                   |                      |          |
| Non-convertible debentures | CDI + 2.05% p.a.          | 8.57%              | -                 | 152,573              | -        |
|                            | CDI + 3.50% p.a.          | 10.11%             | -                 | 1,359,125            | -        |
|                            | IGPM + 6,10%              | 14.38%             | 219,523           | -                    | May-28   |
|                            | IPCA + 5.10%              | 9.40%              | 380,232           | 363,894              | Sep-18   |
|                            | IPCA + 5.57%              | 9.89%              | 203,987           | 197,923              | Sep-20   |
|                            | IPCA + 7.14%              | 11.52%             | 310,864           | 293,312              | Dec-20   |
|                            | IPCA + 7.48%              | 11.88%             | 279,916           | 263,701              | Dec-22   |
|                            | IPCA + 7.36%              | 11.75%             | 92,219            | 86,927               | Dec-25   |
|                            | IPCA + 5.87%              | 10.20%             | 737,909           | 726,827              | Dec-23   |
|                            | IPCA + 4.33%              | 8.60%              | 414,945           | 396,328              | Oct-24   |
|                            | 108 % of CDI              | 6.92%              | 57,056            | 171,515              | Jul-18   |
|                            | Fixed                     | 13.13%             | -                 | 163,750              | -        |
|                            | 128 % of CDI              | 8.25%              | 501,108           | 499,576              | Dec-25   |
|                            | CDI + 0.90%               | 7.35%              | 87,083            | 87,467               | Sep-19   |
|                            |                           |                    | <b>3,284,842</b>  | <b>4,762,918</b>     |          |
| <b>Total</b>               |                           |                    | <b>22,342,558</b> | <b>21,688,946</b>    |          |
| <b>Current</b>             |                           |                    | <b>2,586,255</b>  | <b>3,903,392</b>     |          |
| <b>Non-current</b>         |                           |                    | <b>19,756,303</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:

|                                | June 30, 2018     | December 31, 2017 |
|--------------------------------|-------------------|-------------------|
| Reais (R\$)                    | 8,962,369         | 11,312,466        |
| Dollar (U.S.\$) <sup>(i)</sup> | 12,836,588        | 9,906,406         |
| Pound (GBP)                    | 543,601           | 470,074           |
|                                | <b>22,342,558</b> | <b>21,688,946</b> |

- (i) At June 30, 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 June 30, 2018.

|  |                   |
|--|-------------------|
| <b>At January 1, 2018</b>              | <b>21,688,946</b> |
| Raised                                 | 2,721,150         |
| Amortization of principal              | (3,821,208)       |
| Payment of interest                    | (663,800)         |
| Interest, exchange rate and fair value | 2,417,470         |
| <b>At June 30, 2018</b>                | <b>22,342,558</b> |

## Cosan Limited

### Notes to the consolidated interim financial statements

*(In thousands of Brazilian Reais – 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  $\text{libor} + 1.00\% \text{p.a.}$

On May 29, 2018, Comgás, a wholly-owned subsidiary of the Company, obtained a loan from Scotiabank in the amount US\$ 75,000 thousands with maturity on May 30, 2023 and pre-fixed interest at  $3.67\% \text{ p.a.}$

#### **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.

On May, 9, 2018, Cosan Biomassa, a wholly-owned subsidiary of the Company, loan contract added with Banco Santander in the amount R\$ 20,000 that delay the maturity to July, 17, 2018. The interest rate is floating and fixed 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  $5.87\% \text{ p.a.}$ , 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.

#### **Debentures**

On May, 15, 2018, Comgás, a wholly-owned subsidiary of the Company, 7th issued debentures. Resources were captured in a single series, in the amount R\$ 215.000 thousands, corrected annually IGP-M, interest rate  $6.10\% \text{ p.a}$  and maturity in May, 15, 2028.

#### **Available credit line**

##### ➤ **BNDES**

As of June 30, 2018, the subsidiary Rumo had available credit lines from BNDES, which were not used, in the total amount of R\$ 21,325 (R\$ 94,220 on December 31, 2017).

As of June 30, 2018, the subsidiary Cosan S.A. had available credit lines, which were not used, in the total amount of R\$ 200,458. (R\$ 288,000 on December 31, 2017).



## Cosan Limited

### Notes to the consolidated interim financial statements

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

#### ➤ Stand by facilities

As of June 30, 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 June 30, 2018, the Company was in compliance with all debt financial covenants.

## 16 Leases

#### *Finance lease liabilities*

Finance lease liabilities are payable as follows:

|  | June 30, 2018         |                                  |                         | Total            | December         |
|--|-----------------------|----------------------------------|-------------------------|------------------|------------------|
|  | Less than<br>one year | Between<br>one and<br>five years | More than<br>five years |                  | 31, 2017         |
|  |                       |                                  |                         |                  | Total            |
| <b>Future value of minimum payments</b>        |                       |                                  |                         |                  |                  |
| <b>lease payments</b>                          | <b>238,422</b>        | <b>471,205</b>                   | <b>207,402</b>          | <b>917,029</b>   | <b>1,250,860</b> |
| Rolling stock                                  | 212,047               | 393,146                          | 134,205                 | 739,398          | 1,060,759        |
| Terminal                                       | 23,400                | 76,208                           | 73,197                  | 172,805          | 184,484          |
| Other  | 2,975                 | 1,851                            | -                       | 4,826            | 5,617            |
| <b>Interests</b>                               | <b>(64,596)</b>       | <b>(145,017)</b>                 | <b>(36,146)</b>         | <b>(245,759)</b> | <b>(306,722)</b> |
| Rolling stock                                  | (51,911)              | (112,404)                        | (23,416)                | (187,731)        | (241,509)        |
| Terminal                                       | (12,370)              | (32,507)                         | (12,730)                | (57,607)         | (64,528)         |
| Other  | (315)                 | (106)                            | -                       | (421)            | (685)            |
| <b>Present value of minimum lease payments</b> | <b>173,826</b>        | <b>326,188</b>                   | <b>171,256</b>          | <b>671,270</b>   | <b>944,138</b>   |
| <b>Current</b>                                 |                       |                                  |                         | <b>173,826</b>   | <b>261,344</b>   |
| <b>Non-current</b>                             |                       |                                  |                         | <b>497,444</b>   | <b>682,794</b>   |

Below are the movements that occurred for the period ended June 30, 2018.

|   |                |
|---|----------------|
| <b>At January 1, 2018</b>                 | <b>944,138</b> |
| Interest, exchange rate<br>and fair value | 103,048        |
| Amortization of principal                 | (299,126)      |
| Payment of interest                       | (76,790)       |
| <b>At June 30, 2018</b>                   | <b>671,270</b> |

Cosan Limited  
Notes to the consolidated interim financial statements  
(In thousands of Brazilian Reais – R\$, unless otherwise stated)

**Operating leases**

At June 30, 2018, the future minimum lease payments under non-cancellable leases are as follows:

|              | <b>June 30, 2018</b>                 |                                       |                                 |               | <b>December 31,</b> |
|--------------|--------------------------------------|---------------------------------------|---------------------------------|---------------|---------------------|
|              | <b>Total future minimum payments</b> |                                       |                                 |               | <b>2017</b>         |
|              | <b>Less than one<br/>year</b>        | <b>Between one<br/>and five years</b> | <b>More than<br/>five years</b> | <b>Total</b>  | <b>Total</b>        |
| Locomotives  | 565                                  | 822                                   | -                               | 1,387         | 1,695               |
| Rail cars    | 7,330                                | 24,747                                | 3,254                           | 35,331        | 38,449              |
| Other        | 2,784                                | 8,008                                 | 4,260                           | 15,052        | 16,058              |
| <b>Total</b> | <b>10,679</b>                        | <b>33,577</b>                         | <b>7,514</b>                    | <b>51,770</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>June 30, 2018</b> |                    |                  | <b>December 31,</b> |
|-------------------------|----------------------|--------------------|------------------|---------------------|
|                         | <b>Leases</b>        | <b>Concessions</b> | <b>Total</b>     | <b>2017</b>         |
| <b>Payables</b>         |                      |                    |                  | <b>Total</b>        |
| Rumo Malha Sul          | 34,787               | 30,103             | 64,890           | 65,550              |
| Rumo Malha Paulista     | -                    | 20,011             | 20,011           | 48,139              |
|                         | <b>34,787</b>        | <b>50,114</b>      | <b>84,901</b>    | <b>113,689</b>      |
| <b>Court Discussion</b> |                      |                    |                  |                     |
| Rumo Malha Paulista     | 1,642,004            | -                  | 1,642,004        | 1,535,470           |
| Rumo Malha Oeste        | 1,265,844            | 78,553             | 1,344,397        | 1,284,175           |
|                         | <b>2,907,848</b>     | <b>78,553</b>      | <b>2,986,401</b> | <b>2,819,645</b>    |
| <b>Total</b>            | <b>2,942,635</b>     | <b>128,667</b>     | <b>3,071,302</b> | <b>2,933,334</b>    |
| <b>Current</b>          |                      |                    | <b>28,819</b>    | <b>27,413</b>       |
| <b>Non-current</b>      |                      |                    | <b>3,042,483</b> | <b>2,905,921</b>    |

Judicial deposits at June 30, 2018 concerning the above claims totaled:

|               | <b>June 30, 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>June 30, 2018</u>    | <u>December 31, 2017</u> |
|----------------------------------|-------------------------|--------------------------|
| Natural gas suppliers            | 1,773,029               | 1,563,930                |
| Materials and service suppliers  | 1,050,368               | 1,162,496                |
| Fuels and lubricants suppliers   | 807                     | 1,814                    |
| Judicial deposits <sup>(i)</sup> | (294,976)               | (294,976)                |
| Other                            | 5,716                   | 731                      |
|                                  | <u><b>2,534,944</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 June 30, 2018, the balance of the judicial discussion is R\$ 1,165,745 (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\$ 870,769 (R\$ 859,627 on December 31, 2017).

#### 19 Other taxes payable

|   | <u>June 30, 2018</u>  | <u>December 31, 2017</u> |
|---|-----------------------|--------------------------|
| Tax amnesty and refinancing program - Refis | 219,653               | 229,745                  |
| ICMS – State VAT                            | 145,480               | 121,550                  |
| COFINS - Revenue tax                        | 75,583                | 146,641                  |
| PIS - Revenue tax                           | 9,955                 | 31,563                   |
| INSS - Social security                      | 5,872                 | 7,697                    |
| ISS - Services tax                          | 4,031                 | 4,494                    |
| IOF - Financial tax                         | 1,577                 | 2,224                    |
| Other                                       | 8,340                 | 36,601                   |
|   | <u><b>470,491</b></u> | <u><b>580,515</b></u>    |
| <b>Current</b>                              | <u><b>313,995</b></u> | <u><b>418,878</b></u>    |
| <b>Non-Current</b>                          | <u><b>156,496</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:**

|  | <b>April 1,<br/>2018 to June<br/>30, 2018</b> | <b>January 1,<br/>2018 to June<br/>30, 2018</b> | <b>April 1, 2017<br/>to June 30,<br/>2017</b> | <b>January 1,<br/>2017 to June<br/>30, 2017</b> |
|--|---|---|---|---|
| (Loss) profit before taxes   | (18,485)                                      | 305,354   | (11,441)                                      | (25,890)  |
| Income tax and social contribution<br>at nominal rate (34%)                            | 6,285   | (103,820)                                       | 3,890   | 8,803   |
| <i>Adjustments to reconcile nominal and<br/>effective tax rate</i>                     |   |   |   |   |
| Interest in earnings of investees<br>(non-taxable income)                              | 23,426  | 123,675   | 13,181  | 101,123   |
| Differences in tax rates on<br>earnings / losses of overseas<br>companies              | 34,771  | (599)   | (7,739)                                       | (44,908)  |
| Granted income tax incentive   | (16,117)                                      | (11,287)  | 10,930  | 14,965  |
| Share-based payment transactions   | (888)   | (1,923)   | (967)   | (1,934)   |
| Interest on shareholders' equity   | (8,160)                                       | (13,430)  | (8,500)                                       | (14,280)  |
| Non-deductible expenses<br>(donations, gifts, etc.)                                    | (3,435)                                       | (4,646)   | (2,308)                                       | (8,400)   |
| Tax losses not recorded <sup>(i)</sup>   | (28,133)                                      | (67,383)  | (39,081)                                      | (127,763)                                       |
| Goodwill amortization effect   | 464   | 927   | -   | -   |
| Tax effects of discounts granted -<br>PERT   | -   | 110   | -   | -   |
| Differences in tax rates on entities<br>under Brazilian presumed profits tax<br>regime | -   | -   | (114)   | (211)   |
| Other  | (7,895)                                       | (4,358)   | (5,272)                                       | (7,204)   |
| <b>Income tax and social contribution<br/>(expense) - current and deferred</b>         | <b>318</b>                                    | <b>(82,734)</b>                                 | <b>(35,980)</b>                               | <b>(79,809)</b>                                 |
| <b>Effective rate - %</b>  | <b>1.72</b>                                   | <b>(27.09)</b>                                  | <b>N/A</b>                                    | <b>N/A</b>                                      |

- (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>June 30, 2018</u> | <u>December 31, 2017</u> |
|--|----------------------|--------------------------|
| <b>Assets credit of:</b>                                       |                      |                          |
| Income tax loss carry forwards                                 | 2,294,193            | 2,112,707                |
| Social contribution tax loss carry forwards                    | 839,164              | 772,304                  |
| <b>Temporary differences</b>                                   |                      |                          |
| Foreign exchange - Loans and borrowings                        | 807,589              | 548,568                  |
| Legal proceedings provision                                    | 399,778              | 365,997                  |
| Tax deductible goodwill  | -                    | 56,276                   |
| Impairment provision   | 234,256              | 250,236                  |
| Provisions for employee benefits                               | 155,788              | 153,434                  |
| Allowance for doubtful accounts                                | 35,161               | 25,991                   |
| Regulatory asset (liability)                                   | 62,457               | 65,318                   |
| Impairment of tax credit                                       | 62,226               | 61,324                   |
| Share-based payment transactions                               | 2,615                | 291                      |
| Profit sharing   | 21,975               | 41,506                   |
| Interest on preferred shareholders payable in subsidiaries     | 231,497              | 218,599                  |
| Property, plant, equipment and intangible - useful life review | 225,038              | 160,490                  |
| Contract disputes  | 87,897               | 86,482                   |
| Provisions   | 198,378              | 339,627                  |
| Other  | 60,197               | (23,451)                 |
| <b>Total</b>   | <b>5,718,209</b>     | <b>5,235,699</b>         |
| <b>(-) Deferred taxes assets not recognized</b>                | <b>(2,025,988)</b>   | <b>(1,961,325)</b>       |
| <b>Liabilities credit of:</b>                                  |                      |                          |
| <b>Temporary differences</b>                                   |                      |                          |
| Business combination - Property, plant and equipment           | 86,936               | 110,149                  |
| Tax deductible goodwill  | (370,128)            | (351,262)                |
| Lease  | (292,834)            | (277,091)                |
| Concession contract  | (7,713)              | (8,681)                  |
| Unrealized (loss) gains on derivatives instruments             | (483,764)            | (115,503)                |
| Fair value option in loans                                     | (35,803)             | 23,855                   |
| Income on formation of joint ventures                          | (1,135,036)          | (1,135,036)              |
| Business combination - Intangible asset                        | (3,747,812)          | (3,741,525)              |
| Other  | (89,681)             | (45,510)                 |
| <b>Total</b>   | <b>(6,075,835)</b>   | <b>(5,540,604)</b>       |
| <b>Total of deferred taxes recorded</b>                        | <b>(2,383,614)</b>   | <b>(2,266,230)</b>       |
| <b>Deferred income tax - Assets</b>                            | <b>1,553,421</b>     | <b>1,636,080</b>         |
| <b>Deferred income tax - Liabilities</b>                       | <b>(3,937,035)</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                                      | (98,921)           |
| Tax loss carryforwards used to settle other tax installments | (2,004)            |
| Business combinations  | (23,615)           |
| Other <sup>(i)</sup>   | 7,156              |
| <b>At June 30, 2018</b>                                      | <b>(2,383,614)</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 |                   |
|-------------------------------------|---------------------------------|-------------------|-------------------|-------------------|
|                                     | June 30, 2018                   | December 31, 2017 | June 30, 2018     | December 31, 2017 |
| Tax                                 | 499,513                         | 501,247           | 431,272           | 371,703           |
| Civil, regulatory and environmental | 393,089                         | 375,561           | 198,319           | 196,025           |
| Labor                               | 475,412                         | 471,349           | 208,407           | 198,379           |
|                                     | <b>1,368,014</b>                | <b>1,348,157</b>  | <b>837,998</b>    | <b>766,107</b>    |

Changes in provision for legal proceedings:

|  | Civil, regulatory and environmental |                |                |                  |
|--|-------------------------------------|----------------|----------------|------------------|
|  | Tax                                 | 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                                       | 2,039                               | 30,712         | 48,681         | 81,432           |
| Disposal / Reversals                           | (15,804)                            | (18,836)       | (59,542)       | (94,182)         |
| Transfers                                      | 7,178                               | (7,178)        | -              | -                |
| Indexation and interest charges <sup>(i)</sup> | 4,853                               | 12,830         | 14,924         | 32,607           |
| <b>June 30, 2018</b>                           | <b>499,513</b>                      | <b>393,089</b> | <b>475,412</b> | <b>1,368,014</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

|                              | June 30, 2018  | December 31, 2017 |
|------------------------------|----------------|-------------------|
| Compensation with FINSOCIAL  | 283,560        | 280,158           |
| State VAT - ICMS credits     | 100,884        | 99,423            |
| INSS - Social security       | 66,395         | 65,149            |
| PIS and COFINS               | 2,082          | 2,051             |
| Federal income taxes         | 1,550          | 1,521             |
| IPI - Excise tax credit - NT | 688            | 678               |
| Other                        | 44,354         | 52,267            |
|                              | <b>499,513</b> | <b>501,247</b>    |

## Cosan Limited

### Notes to the consolidated interim financial statements

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

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

|                                    | <u>June 30, 2018</u>     | <u>December 31, 2017</u> |
|------------------------------------|--------------------------|--------------------------|
| ICMS - State VAT                   | 2,662,047                | 2,652,709                |
| Federal income taxes               | 2,915,071                | 2,766,174                |
| IRRF - Withholding tax             | 931,115                  | 914,545                  |
| PIS and COFINS - Revenue taxes     | 867,723                  | 838,343                  |
| INSS - Social security and other   | 605,067                  | 556,252                  |
| Goodwill Rumo                      | 520,996                  | 512,120                  |
| IPI - Excise tax credit - NT       | 543,553                  | 523,121                  |
| Penalties related to tax positions | 439,191                  | 429,249                  |
| MP 470 - Tax installments          | 294,164                  | 290,389                  |
| Foreign financial operation        | 285,340                  | 280,414                  |
| Compensation with IPI - IN 67/98   | 133,462                  | 132,270                  |
| Stock option                       | 66,889                   | 65,776                   |
| Financial transactions tax on loan | 51,961                   | 51,330                   |
| Social security contributions      | 4,051                    | 45,985                   |
| Compensation credit award          | 42,240                   | 41,350                   |
| Other                              | 896,944                  | 902,698                  |
|                                    | <u><b>11,259,814</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>June 30, 2018</u>    | <u>December 31, 2017</u> |
|---------------|-------------------------|--------------------------|
| Civil         | 3,152,104               | 2,865,572                |
| Labor         | 1,031,404               | 1,061,910                |
| Regulatory    | 652,860                 | 606,133                  |
| Environmental | 412,179                 | 378,462                  |
|               | <u><b>5,248,547</b></u> | <u><b>4,912,077</b></u>  |

On July 25, 2018, the Company was aware of the filing of an administrative inquiry with Administrative Council for Economic Defense (CADE) for the determination of representation filed by Agrovía. The Company refutes the arguments presented by Agrovía and emphasizes that most of the facts have already been analyzed and rejected by CADE in another administrative proceeding. The Company assesses as possible the risk that an administrative proceeding will be created and will incur loss in this process. Due to the initial stage of the topic, it is not possible to estimate the value at risk.

## 22 Shareholders' equity

#### a) Share capital

At June 30, 2018, Cosan Limited's share capital is composed of the following:

| <u>Shareholders - Common shares</u>        | <u>Class A and /<br/>or BDRs</u> | <u>%</u>             | <u>Class B1<br/>shares</u> | <u>%</u>             |
|--|----------------------------------|----------------------|----------------------------|----------------------|
| Controlling Group <sup>(i)</sup>           | 19,514,418                       | 11.19                | 96,332,044                 | 100.00               |
| Renaissance Technologies LLC               | 7,331,699                        | 4.21                 | -                          | -                    |
| M&G Investment Management Limited          | 8,111,631                        | 4.65                 | -                          | -                    |
| Eastspring Investments (Singapore) Limited | 4,250,300                        | 2.44                 | -                          | -                    |
| Free Float                                 | 109,135,620                      | 62.59                | -                          | -                    |
| <b>Total shares outstanding</b>            | <u><b>148,343,668</b></u>        | <u><b>85.08</b></u>  | <u><b>96,332,044</b></u>   | <u><b>100.00</b></u> |
| Treasury shares                            | 26,011,673                       | 14.92                | -                          | -                    |
| <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 26,011,673 Class A treasury shares as of June 30, 2018 (27,488,204 December 31, 2017) with a market value of U.S.\$ 7.63 per share as of June 30, 2018 (U.S.\$ 9.70 per share as of December 31, 2017).

In the period ended June 30, 2018, the amount of 1,476,531 treasury shares were delivered to the beneficiaries of the Stock-Grant Plan – Equity-settled – Cosan Limited.



## 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<br/>31, 2017</b> | <b>Comprehensive<br/>(loss) income</b> | <b>June 30,<br/>2018</b> |
|--|------------------------------|--|--------------------------|
| Foreign currency translation effects                                 | (372,343)                    | (220,023)                              | (592,366)                |
| Gain (loss) on cash flow hedge in joint ventures<br>and subsidiaries | 14,610                       | (83,954)                               | (69,344)                 |
| Actuarial loss on defined benefit plan                               | (44,937)                     | (1,042)                                | (45,979)                 |
| Gain on share subscription of a subsidiary                           | 15,000                       | -                                      | 15,000                   |
| Changes in fair value of available for sale securities               | 841                          | 53                                     | 894                      |
| <b>Total</b>   | <b>(386,829)</b>             | <b>(304,966)</b>                       | <b>(691,795)</b>         |
| <b>Attributable to:</b>  |                              |  |                          |
| Owners of the Company  | (394,212)                    | (252,512)                              | (646,724)                |
| Non-controlling interests  | 7,383                        | (52,454)                               | (45,071)                 |

  

|  | <b>December<br/>31, 2016</b> | <b>Comprehensive<br/>(loss) income</b> | <b>June 30,<br/>2017</b> |
|--|------------------------------|--|--------------------------|
| Foreign currency translation effects                                 | (322,258)                    | (15,865)                               | (338,123)                |
| (Loss) gain on cash flow hedge in joint ventures<br>and subsidiaries | (190,001)                    | 322,203                                | 132,202                  |
| 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<br>sale securities            | (2,618)                      | 3,323                                  | 705                      |
| <b>Total</b>   | <b>(537,894)</b>             | <b>318,661</b>                         | <b>(219,233)</b>         |
| <b>Attributable to:</b>  |                              |  |                          |
| Owners of the Company  | (480,454)                    | 196,067                                | (284,387)                |
| Non-controlling interests  | (57,440)                     | 122,594                                | 65,154                   |

## 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):

|   | <b>April 1,<br/>2018 to<br/>June 30,<br/>2018</b> | <b>January 1,<br/>2018 to<br/>June 30,<br/>2018</b> | <b>April 1,<br/>2017 to<br/>June 30,<br/>2017</b> | <b>January 1,<br/>2017 to<br/>June 30,<br/>2017</b> |
|---|---|---|---|---|
| Profit (loss) attributable from continued operation to ordinary equity holders for basic earnings                         | 22,683  | 128,987   | (44,781)  | (23,666)  |
| Effect of dilution:   |   |   |   |   |
| Dilutive effect of subsidiary's stock option plan   | 124   | (479)   | -   | (484)   |
| Dilutive effect of put option   | -   | -   | (15,601)  | (15,601)  |
| Share repurchase plan   | -   | -   | (355)   | -   |
| <b>Profit (loss) from continued operation attributable to ordinary equity holders adjusted for the effect of dilution</b> | <b>22,807</b>                                     | <b>128,508</b>                                      | <b>(60,737)</b>                                   | <b>(39,751)</b>                                     |
| Basic number of shares outstanding - In thousands of shares   | 243,686   | 243,444   | 264,691   | 264,691   |
| Effect of dilution:   |   |   |   |   |
| Dilutive effect of stock option plan  | 10,440  | 10,682  | -   | -   |
| <b>Diluted number of shares outstanding - In thousands of shares</b>  | <b>254,126</b>                                    | <b>254,126</b>                                      | <b>264,691</b>                                    | <b>264,691</b>                                      |
| <b>Basic earnings (losses) per share from:</b>  |   |   |   |   |
| Continuing operations   | R\$ 0.0931  | R\$ 0.5298  | (R\$ 0.1692)                                      | (R\$ 0.0894)  |
| <b>Diluted earnings (losses) per share from:</b>  |   |   |   |   |
| Continuing operations   | R\$ 0.0897  | R\$ 0.5057  | (R\$ 0.2295)                                      | (R\$ 0.1502)  |

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 six month period ended at June 30, 2018, 3,558,449 share options from indirect subsidiary Rumo S.A and 18,969,267 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 six month period ended at June 30, 2018, 656,000 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 Reals – R\$, unless otherwise stated)

### 24 Other income (expenses), net

|   | April 1, 2018<br>to June 30,<br>2018 | January 1,<br>2018 to June<br>30, 2018 | April 1, 2017<br>to June 30,<br>2017 | January 1,<br>2017 to June<br>30, 2017 |
|---|--------------------------------------|--|--------------------------------------|--|
| Income from sale of scrap / eventual income                       | 12,378                               | 25,325                                 | 13,881                               | 20,169                                 |
| Insurance reimbursement income                                    | 1,757                                | 5,345                                  | -                                    | 1,181                                  |
| Gain from port operations   | 1,544                                | 2,260                                  | 1,735                                | 1,735                                  |
| Rental income   | -                                    | -                                      | (833)                                | 661                                    |
| Loss on disposal of non-current assets and intangibles            | (124)                                | (869)                                  | (14,187)                             | (14,013)                               |
| Net effect of legal proceedings, recoverable and tax installments | (26,057)                             | (57,455)                               | (43,840)                             | (60,906)                               |
| Other   | (10,357)                             | (18,126)                               | (4,476)                              | (12,587)                               |
|   | <b>(20,859)</b>                      | <b>(43,520)</b>                        | <b>(47,720)</b>                      | <b>(63,760)</b>                        |

### 25 Finance results

|   | April 1, 2018<br>to June 30,<br>2018 | January 1,<br>2018 to June<br>30, 2018 | April 1, 2017<br>to June 30,<br>2017 | January 1,<br>2017 to June<br>30, 2017 |
|---|--------------------------------------|--|--------------------------------------|--|
| <b>Cost of gross debt</b>   |                                      |  |                                      |  |
| Interest on debt  | (413,311)                            | (846,803)                              | (450,955)                            | (937,071)                              |
| Monetary and exchange rate variation  | (1,349,858)                          | (1,406,419)                            | (431,052)                            | (349,183)                              |
| Derivatives and fair value measurement  | 1,165,498                            | 1,221,941                              | 180,603                              | 44,941                                 |
| Amortization of borrowing costs   | (25,870)                             | (35,845)                               | (314)                                | (557)                                  |
| Guarantees and warranties on debt   | (32,791)                             | (68,453)                               | (7,685)                              | (16,360)                               |
|   | <b>(656,332)</b>                     | <b>(1,135,579)</b>                     | <b>(709,403)</b>                     | <b>(1,258,230)</b>                     |
| Income from financial investment and exchange rate in cash and cash equivalents | 110,939                              | 228,285                                | 277,091                              | 465,023                                |
|   | <b>110,939</b>                       | <b>228,285</b>                         | <b>277,091</b>                       | <b>465,023</b>                         |
| <b>Cost of debt, net</b>  | <b>(545,393)</b>                     | <b>(907,294)</b>                       | <b>(432,312)</b>                     | <b>(793,207)</b>                       |
| <b>Other charges and monetary variations</b>                                    |                                      |  |                                      |  |
| Interest on other receivables   | 16,587                               | 63,601                                 | 31,716                               | 80,615                                 |
| Monetary variation on leases and concessions agreements                         | (47,337)                             | (92,567)                               | (61,864)                             | (134,992)                              |
| Monetary variation on leases  | (20,176)                             | (72,495)                               | (32,294)                             | (66,539)                               |
| Bank charges and others   | (24,192)                             | (47,156)                               | (63,722)                             | (127,459)                              |
| Advances on real state credits  | (5,282)                              | (6,488)                                | (5,625)                              | (12,627)                               |
| Interest on contingencies and contracts   | (22,600)                             | (49,644)                               | (16,130)                             | (35,921)                               |
| Interest on other liabilities   | (59,318)                             | (95,529)                               | (105,118)                            | (208,415)                              |
| Interest on shareholders' equity  | (444)                                | 277                                    | -                                    | -                                      |
| Exchange variation  | (35,680)                             | (57,219)                               | 868                                  | (4,329)                                |
|   | <b>(198,442)</b>                     | <b>(357,220)</b>                       | <b>(252,169)</b>                     | <b>(509,667)</b>                       |
| <b>(=) Finance results, net</b>   | <b>(743,835)</b>                     | <b>(1,264,514)</b>                     | <b>(684,481)</b>                     | <b>(1,302,874)</b>                     |
| Finance expense   | (512,419)                            | (1,012,302)                            | (867,138)                            | (1,765,370)                            |
| Finance income  | 158,242                              | 347,090                                | 234,762                              | 517,771                                |
| Exchange variation  | (1,391,779)                          | (1,467,735)                            | (312,621)                            | (193,733)                              |
| Derivatives   | 1,002,121                            | 868,433                                | 260,516                              | 138,458                                |
| <b>Finance results, net</b>   | <b>(743,835)</b>                     | <b>(1,264,514)</b>                     | <b>(684,481)</b>                     | <b>(1,302,874)</b>                     |

## 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>June 30, 2018</u> | <u>December 31, 2017</u> |
|--|----------------------|--------------------------|
| <b>Assets</b>                            |                      |                          |
| <b>Fair value through profit or loss</b> |                      |                          |
| Investment funds                         | 2,003,066            | 1,852,114                |
| Marketable securities                    | 3,804,706            | 3,853,343                |
| Derivate financial instruments           | 1,740,544            | 1,162,213                |
|  | <u>7,548,316</u>     | <u>6,867,670</u>         |
| <b>Amortized cost</b>                    |                      |                          |
| Cash and cash equivalents                | 2,069,979            | 2,703,063                |
| Trade receivables                        | 1,592,262            | 1,322,420                |
| Restricted cash                          | 167,782              | 225,634                  |
| Receivables from related parties         | 151,561              | 199,814                  |
| Other financial assets                   | -                    | 1,340,000                |
| Dividends receivable                     | 19,663               | 13,466                   |
|  | <u>4,001,247</u>     | <u>5,804,397</u>         |
| <b>Total</b>                             | <u>11,549,563</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>June 30, 2018</u> | <u>December 31, 2017</u> |
|---|----------------------|--------------------------|
| <b>Liabilities</b>                                |                      |                          |
| <b>Amortized cost</b>                             |                      |                          |
| Loans, borrowings and debentures                  | 10,806,876           | 13,858,709               |
| Leases  | 671,270              | 944,138                  |
| Real state credit certificates                    | 36,873               | 86,745                   |
| Trade payables                                    | 2,534,944            | 2,433,995                |
| Other financial liabilities                       | 349,626              | 382,702                  |
| Payables to related parties                       | 354,625              | 328,263                  |
| Dividends payable                                 | 27,997               | 191,478                  |
| Tax installments - REFIS                          | 219,653              | 229,745                  |
| Trade payables - Corporate operation / Agreements | 249,025              | 210,476                  |
| Preferred shareholders payable in subsidiaries    | 1,211,620            | 1,442,679                |
|   | <b>16,462,509</b>    | <b>20,108,930</b>        |
| <b>Fair value through profit or loss</b>          |                      |                          |
| Loans, borrowings and debentures                  | 11,535,682           | 7,830,237                |
| Contingent consideration                          | 54,494               | 116,542                  |
| Derivative financial instruments                  | 31,447               | 115,085                  |
|   | <b>11,621,623</b>    | <b>8,061,864</b>         |
|   | <b>28,084,132</b>    | <b>28,170,794</b>        |

During the period ended at June 30, 2018, there was no reclassification between the categories fair value through profit or loss and amortized cost.

### Risk management structure

|  | <u>Notional</u>      |                          | <u>Fair value</u>    |                          |
|--|----------------------|--------------------------|----------------------|--------------------------|
|  | <u>June 30, 2018</u> | <u>December 31, 2017</u> | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
| <b>Exchange rate derivatives</b>             |                      |                          |                      |                          |
| Forward agreements                           | 17,013               | 494,302                  | 2,456                | (457)                    |
| <b>Interest rate and exchange rate risk</b>  |                      |                          |                      |                          |
| Swap agreements (interest rate)              | 2,284,808            | 2,446,369                | 242,877              | 330,712                  |
| Swap agreements (exchange and interest rate) | 9,980,863            | 7,217,792                | 1,463,764            | 716,873                  |
|  | <b>12,265,671</b>    | <b>9,664,161</b>         | <b>1,706,641</b>     | <b>1,047,585</b>         |
| <b>Total financial instruments</b>           |                      |                          | <b>1,709,097</b>     | <b>1,047,128</b>         |
| <b>Assets</b>                                |                      |                          | <b>1,740,544</b>     | <b>1,162,213</b>         |
| <b>Liabilities</b>                           |                      |                          | <b>(31,447)</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

|                                  | <u>June 30, 2018</u>     | <u>December 31, 2017</u> |
|----------------------------------|--------------------------|--------------------------|
| Cash and cash equivalents        | 4,073,045                | 4,555,177                |
| Trade receivables                | 1,592,262                | 1,322,420                |
| Derivative financial instruments | 1,740,544                | 1,162,213                |
| Marketable securities            | 3,804,706                | 3,853,343                |
| Receivables from related parties | 151,561                  | 199,814                  |
| Dividends                        | 19,663                   | 13,466                   |
| Restricted cash                  | 167,782                  | 225,634                  |
|                                  | <u><b>11,549,563</b></u> | <u><b>11,332,067</b></u> |

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:

|     | <u>June 30, 2018</u>    | <u>December 31, 2017</u> |
|-----|-------------------------|--------------------------|
| AAA | 3,407,691               | 3,499,345                |
| AA  | 6,359,905               | 6,159,553                |
| A+  | 6,866                   | -                        |
| B   | 11,615                  | 2,007                    |
| BB+ | -                       | 4,180                    |
|     | <u><b>9,786,077</b></u> | <u><b>9,665,085</b></u>  |

#### Liquidity risk

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

|                                  |                           |                           |                            |                            | <u>June 30, 2018</u>       | <u>December 31, 2017</u>   |
|----------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                  | <u>Up to 1</u>            |                           |                            | <u>More than</u>           |                            |                            |
|                                  | <u>year</u>               | <u>1 - 2 years</u>        | <u>3 - 5 years</u>         | <u>5 years</u>             | <u>Total</u>               | <u>Total</u>               |
| Loans, borrowings and debentures | (3,790,783)               | (3,210,144)               | (8,861,726)                | (16,430,709)               | (32,293,362)               | (31,554,560)               |
| Trade payables                   | (2,534,944)               | -                         | -                          | -                          | (2,534,944)                | (2,433,995)                |
| Other financial liabilities      | (349,626)                 | -                         | -                          | -                          | (349,626)                  | (382,702)                  |
| Tax installments - REFIS         | (66,854)                  | (20,359)                  | (40,452)                   | (106,579)                  | (234,244)                  | (244,957)                  |
| Leases                           | (276,765)                 | (172,921)                 | (332,874)                  | (239,529)                  | (1,022,089)                | (1,443,470)                |
| Derivative financial instruments | 139,777                   | (183,034)                 | (1,076,381)                | 4,088,657                  | 2,969,019                  | (110,909)                  |
| Real estate credits certificates | (39,356)                  | -                         | -                          | -                          | (39,356)                   | (92,844)                   |
| Payables to related parties      | (354,625)                 | -                         | -                          | -                          | (354,625)                  | (328,263)                  |
| Dividends payable                | (27,997)                  | -                         | -                          | -                          | (27,997)                   | (191,478)                  |
|                                  | <u><b>(7,301,173)</b></u> | <u><b>(3,586,458)</b></u> | <u><b>(10,311,433)</b></u> | <u><b>(12,688,160)</b></u> | <u><b>(33,887,224)</b></u> | <u><b>(36,783,178)</b></u> |

#### Market risk

##### a) Foreign exchange risk

As at June 30, 2018 and December 31, 2017, the Company had the following net exposure to the exchange rate variations on assets and liabilities denominated in Dollar:

# Cosan Limited

## Notes to the consolidated interim financial statements

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

|   | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---|----------------------|--------------------------|
| Cash and cash equivalents                       | 1,389,144            | 782,103                  |
| Trade receivables                               | 83,828               | 25,797                   |
| Trade payables                                  | (27,117)             | (13,230)                 |
| Loans, borrowings and debentures                | (12,831,486)         | (8,919,712)              |
| Advances from clients                           | -                    | (6,310)                  |
| Contingent consideration                        | (54,494)             | (64,213)                 |
| Payables to related parties                     | (249,025)            | (210,497)                |
| Derivative financial instruments <sup>(i)</sup> | 10,366,858           | 7,323,116                |
| <b>Foreign exchange exposure, net</b>           | <b>(1,322,292)</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 June 30, 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 June 30, 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 June 30, 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>June 30, 2018</b>                                 | <b>Probable</b> | <b>25%</b> | <b>50%</b> | <b>-25%</b> | <b>-50%</b>     |
| U.S.\$ | 3.8558   | 3.4100          | 4.2625     | 5.1150     | 2.5575      | 1.7050          |

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

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

| <b>Instrument</b>                        | <b>Risk factor</b> | <b>Probable</b> | <b>Variation scenario</b> |               |                 |                 |
|--|--------------------|-----------------|---------------------------|---------------|-----------------|-----------------|
|  |                    |                 | <b>25%</b>                | <b>50%</b>    | <b>-25%</b>     | <b>-50%</b>     |
| Cash and cash equivalents                | U.S.\$ fluctuation | (62,930)        | 120,338                   | 240,679       | (120,338)       | (240,678)       |
| Trade receivables                        | U.S.\$ fluctuation | (9,692)         | 18,534                    | 37,069        | (18,534)        | (37,069)        |
| Payables to related parties              | U.S.\$ fluctuation | 28,792          | (55,059)                  | (110,117)     | 55,059          | 110,117         |
| Trade payables                           | US\$ fluctuation   | 2,540           | (6,144)                   | (12,289)      | 6,144           | 12,289          |
| Exchange rate derivatives <sup>(i)</sup> | U.S.\$ fluctuation | (1,308,605)     | 2,528,768                 | 5,057,536     | (2,528,768)     | (5,057,536)     |
| Loans, borrowings and debentures         | U.S.\$ fluctuation | 1,336,024       | (2,578,210)               | (5,156,421)   | 2,578,210       | 5,156,421       |
| Advances from clients                    | U.S.\$ fluctuation | -               | -                         | -             | -               | -               |
| Contingent consideration                 | U.S.\$ fluctuation | 6,300           | (12,049)                  | (24,096)      | 12,049          | 24,097          |
| <b>Impacts on profit or loss</b>         |                    | <b>(7,571)</b>  | <b>16,178</b>             | <b>32,361</b> | <b>(16,178)</b> | <b>(32,359)</b> |

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

## Cosan Limited

### Notes to the consolidated interim financial statements

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

#### b) Interest rate risk

*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>     | June 30, 2018  |                    |                    |                  |                  |
|---|----------------|--------------------|--------------------|------------------|------------------|
|   | Probable       | 25%                | 50%                | -25%             | -50%             |
| Cash and cash equivalents                 | 180,544        | 45,136             | 90,271             | (45,136)         | (90,271)         |
| Marketable securities                     | 75,971         | 18,993             | 37,985             | (18,993)         | (37,985)         |
| Restricted cash                           | 327,998        | 82,000             | 163,999            | (82,000)         | (163,999)        |
| Leases                                    | (24,858)       | (6,215)            | (12,429)           | 6,215            | 12,429           |
| Advances on real state credits            | (2,128)        | (532)              | (1,064)            | 532              | 1,064            |
| Interest rate derivatives <sup>(ii)</sup> | 379,264        | (1,394,194)        | (2,586,197)        | 1,707,789        | 3,739,008        |
| Loans, borrowings and debentures          | (830,948)      | (105,767)          | (211,586)          | 105,767          | 211,586          |
| <b>Impacts on profit or loss</b>          | <b>105,843</b> | <b>(1,360,579)</b> | <b>(2,519,021)</b> | <b>1,674,174</b> | <b>3,671,832</b> |

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

|           | Probable | 25%    | 50%    | -25%  | -50%  |
|-----------|----------|--------|--------|-------|-------|
| SELIC     | 6.50%    | 8.13%  | 9.75%  | 4.88% | 3.25% |
| CDI       | 5.77%    | 7.21%  | 8.66%  | 4.33% | 2.89% |
| TJ462     | 8.30%    | 10.13% | 11.95% | 6.48% | 4.65% |
| TJLP      | 7.30%    | 9.13%  | 10.95% | 5.48% | 3.65% |
| IPCA      | 3.33%    | 4.16%  | 5.00%  | 2.50% | 1.67% |
| IGPM      | 3.24%    | 4.05%  | 4.86%  | 2.43% | 1.62% |
| FED FUNDS | 2.50%    | 3.13%  | 3.75%  | 1.88% | 1.25% |

- (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:

| Loan                  | Company       | June 30, 2018 | December 31, 2017 |
|-----------------------|---------------|---------------|-------------------|
| Senior Notes Due 2018 | Cosan S.A     | -             | 100.37%           |
| Senior Notes Due 2023 | Cosan S.A     | 96.27%        | 101.54%           |
| Senior Notes Due 2024 | Rumo S.A      | 101.50%       | 107.86 %          |
| Senior Notes Due 2025 | Rumo S.A      | 91.91%        | -                 |
| Senior Notes Due 2027 | Cosan S.A     | 97.50%        | 108.14%           |
| Senior Notes Due 2024 | Cosan Limited | 93.44%        | 102,79%           |
| Perpetual Notes       | Cosan S.A     | 99.53%        | 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

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(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 |                 |                    |                  |
|---|---------------------|--------------------|---|-----------------|--------------------|------------------|
|   |                     |                    | June 30, 2018                                 |                 | December 31, 2017  |                  |
|   | June 30, 2018       | December 31, 2017  | Level 2                                       | Level 3         | Level 2            | Level 3          |
| <b>Assets</b>                           |                     |                    |   |                 |                    |                  |
| Investment funds                        | 2,003,066           | 1,852,114          | 2,003,066                                     | -               | 1,852,114          | -                |
| Marketable securities                   | 3,804,706           | 3,853,343          | 3,804,706                                     | -               | 3,853,343          | -                |
| Derivate financial instruments          | 1,740,544           | 1,162,213          | 1,740,544                                     | -               | 1,162,213          | -                |
| <b>Total</b>                            | <b>7,548,316</b>    | <b>6,867,670</b>   | <b>7,548,316</b>                              | <b>-</b>        | <b>6,867,670</b>   | <b>-</b>         |
| <b>Liabilities</b>                      |                     |                    |   |                 |                    |                  |
| Loans, borrowings and debentures        | (11,535,682)        | (7,830,237)        | (11,535,682)                                  | -               | (7,830,237)        | -                |
| Contingent consideration <sup>(i)</sup> | (54,494)            | (116,542)          | -   | (54,494)        | -                  | (116,542)        |
| Derivative financial instruments        | (31,447)            | (115,085)          | (31,447)                                      | -               | (115,085)          | -                |
| <b>Total</b>                            | <b>(11,621,623)</b> | <b>(8,061,864)</b> | <b>(11,567,129)</b>                           | <b>(54,494)</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>358,706</b> | <b>(3,859,515)</b> |
| Initial measurement        | (3,478,165)        | -              | (3,478,165)        |
| Interest amortization      | 99,624             | 43,211         | 142,835            |
| Fair value                 | (795,610)          | 379,183        | (416,427)          |
| <b>At June 30, 2018</b>    | <b>(8,392,372)</b> | <b>781,100</b> | <b>(7,611,272)</b> |

In order to protect the Company from possible fluctuations in exchange rates, was designated on June 1, 2018, hedge accounting (fair value hedge) for the amount of USD 400,000 thousand of the loan agreement “Senior Notes due 2024”. The Company used derivative operations, cash flow swaps, to swap the exchange rates and interest rate per percentage of CDI. The company will designate the full notional of the loan agreement for hedge accounting as soon as it closes the swap deal to complete the USD 500,000 thousand notional.

## Cosan Limited

### Notes to the consolidated interim financial statements

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

#### **27 Post-employment benefits**

|           | <u>June 30, 2018</u>  | <u>December 31, 2017</u> |
|-----------|-----------------------|--------------------------|
| Futura    | 46,731                | 44,431                   |
| Futura II | 193                   | 1,237                    |
| Comgás    | 447,752               | 439,791                  |
|           | <u><b>494,676</b></u> | <u><b>485,459</b></u>    |

#### **Pension plan**

During the period ended June 30, 2018, the amount of sponsor contributions to the plans was R\$ 16,411 (R\$ 13,999 for the period ended June 30, 2017).

## Cosan Limited

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

#### 28 Share-based payment

As at June 30, 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.

#### i. Program Features

| Programs                       | Expected life (years) | Interest rate - % | Expected volatility - % | Number of instruments on June 30, 2018 |                            |                  | Market price on grant date | Exercise price at June 30, 2018 | Fair value at grant date | Expenses recorded in P&L |
|--------------------------------|-----------------------|-------------------|-------------------------|--|----------------------------|------------------|----------------------------|---------------------------------|--------------------------|--------------------------|
|                                |                       |                   |                         | Granted                                | Vested or cancelled option | Outstanding      |                            |                                 |                          |                          |
| <b>Stock option programs</b>   |                       |                   |                         |  |                            |                  |                            |                                 |                          |                          |
| 08/18/2011 - Cosan S.A         | 1 to 7                | 12.39%            | 31.44%                  | 4,825,000                              | (4,590,000)                | 235,000          | 22.80                      | 25.69                           | 6.80                     | -                        |
| 08/18/2011 - Cosan S.A         | 1 to 12               | 12.39%            | 30.32%                  | 5,000,000                              | (2,500,000)                | 2,500,000        | 22.80                      | 25.69                           | 8.15                     | 629                      |
| 12/12/2012 - Cosan S.A         | 1 to 7                | 8.78%             | 31.44%                  | 700,000                                | (420,000)                  | 280,000          | 38.89                      | 47.60                           | 10.10                    | -                        |
| 04/24/2013 - Cosan S.A         | 5 to 7                | 13.35%            | 27.33%                  | 970,000                                | (120,000)                  | 850,000          | 45.22                      | 54.48                           | 17.95                    | 423                      |
| 04/25/2014 - Cosan S.A         | 5 to 7                | 12.43%            | 29.85%                  | 960,000                                | (80,000)                   | 880,000          | 39.02                      | 43.92                           | 15.67                    | 544                      |
| 08/31/2015 - Cosan S.A         | 5 to 7                | 14.18%            | 33.09%                  | 759,000                                | (100,000)                  | 659,000          | 19.96                      | 18.34                           | 7.67                     | 618                      |
|                                |                       |                   |                         | <b>13,214,000</b>                      | <b>(7,810,000)</b>         | <b>5,404,000</b> |                            |                                 |                          | <b>2,214</b>             |
| <b>Stock-Grant Programs</b>    |                       |                   |                         |  |                            |                  |                            |                                 |                          |                          |
| 09/21/2017 - Cosan Limited (i) | 5                     | -                 | -                       | 255,000                                | -                          | 255,000          | 8.10 - US\$                | -                               | 8.10 - US\$              | 545                      |
| 08/18/2017 - Cosan Limited     | 10                    | -                 | -                       | 2,053,632                              | (2,053,632)                | -                | 7.32 - US\$                | -                               | 7.32 - US\$              | 17,541                   |
| 04/27/2017 - Cosan S.A         | 5                     | 15.00%            | 32.75%                  | 274,000                                | (53,700)                   | 220,300          | 32.11                      | -                               | 32.11                    | 1,058                    |
| 07/31/2017 - Cosan S.A         | 5                     | 15.00%            | 33.70%                  | 298,107                                | (54,948)                   | 243,159          | 36.06                      | -                               | 36.06                    | 1,263                    |
| 04/20/2017 - Comgás            | 5                     | 12.16%            | 27.20%                  | 61,300                                 | -                          | 61,300           | 47.80                      | -                               | 37.29                    | 266                      |
| 12/08/2017 - Comgás            | 5                     | 10.09%            | 30.00%                  | 97,780                                 | -                          | 97,780           | 54.25                      | -                               | 36.37                    | 392                      |
| 10/01/2015 - Rumo S.A          | 5                     | 11.33%            | 42.75%                  | 1,485,900                              | (161,600)                  | 1,324,300        | 6.10                       | -                               | 6.10                     | 1,057                    |
| 01/02/2017 - Rumo S.A          | 5                     | 11.33%            | 42.75%                  | 1,476,000                              | (106,600)                  | 1,369,400        | 6.10                       | -                               | 6.10                     | 1,116                    |
| 09/01/2017 - Rumo S.A          | 5                     | 9.93%             | 29.76%                  | 870,900                                | (17,950)                   | 852,950          | 10.42                      | -                               | 10.42                    | 1,270                    |
|                                |                       |                   |                         | <b>6,872,619</b>                       | <b>(2,448,430)</b>         | <b>4,424,189</b> |                            |                                 |                          | <b>24,508</b>            |

(i) - Cash settled

## Cosan Limited

### Notes to the consolidated interim financial statements

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

#### ii. Reconciliation of outstanding stocks

|                           | Stock option programs |                                       | Stock-Grant Programs |
|---------------------------|-----------------------|---------------------------------------|----------------------|
|                           | Quantity              | Weighted-average exercise price - R\$ | Quantity             |
| <b>At January 1, 2018</b> | <b>6,146,000</b>      | <b>32.28</b>                          | <b>4,515,837</b>     |
| Granted <sup>(i)</sup>    | -                     | -                                     | 1,476,531            |
| Vested <sup>(i)</sup>     | (707,000)             | 23.41                                 | (1,517,401)          |
| Cancelled                 | (35,000)              | -                                     | (50,778)             |
| <b>At June 30, 2018</b>   | <b>5,404,000</b>      | <b>33.43</b>                          | <b>4,424,189</b>     |

- (i) In the period ended June 30, 2018, 1,476,531 shares were granted and vested by the beneficiaries of the Stock-Grant Plan – Equity-settled – Cosan Limited

## 29 Subsequent events

### 29.1 Acquisition of WX Energy

On July 5, 2018, Raízen Energia, through its subsidiary Bio Barra, signed a shareholders' agreement with WX Energy Participações Ltda., which formalized the commitment to invest the approximate amount of R\$ 95,000 in the company RWXE Participações S.A, a company incorporated as a result of this business combination and parent company of WX Energy Comercializadora de Energia Ltda. With this transaction, Raízen Energia S.A, 70% of RWXE, expands its presence in electric energy trading, diversifying its portfolio of products.

### 29.2 Acquisition of Canaviais from Usina Açucareira Furlan S.A ("Usina Furlan")

On July 5, 2018, Raízen Energia entered into agreements with São Martinho S.A (“São Martinho”), which provide for the acquisition of the biological assets of Usina Furlan S.A, related to the Santa Bárbara D'Oeste (SP) plant, as well as the lease of land owned by Usina Furlan S.A and Agro Pecuária Furlan S.A. Raízen S.A and São Martinho will independently assume 2/3 and 1/3, respectively, of the agricultural and supply contracts totaling approximately 1 million tons of sugarcane in the region. In addition, such agreements provide that the Company and São Martinho must pay the approximate amount of R\$ 118,000 in the proportion established above. The conclusion of the Transaction is in line with the strategy of increasing the availability of cane for processing at Raízen mills and is subject to certain conditions, as well as approval by CADE.

### 29.3 Approval of financial support in Rumo S.A and its subsidiaries

On August 7, 2018, Rumo S.A., jointly with its subsidiaries Rumo Malha Norte S.A. and Rumo Malha Sul S.A., informed that had received from Brazilian Development Bank (“BNDES”), the information that on the date hereof, the executive officers of the bank had approved financial support for its subsidiaries in the total amount of R\$ 2,887,000. The loan from the BNDES will be used to support investments in connection with the rail freight concession and is still subject to the fulfillment of certain conditions precedent

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