

Copersucar S.A.

Financial statements
march 31, 2017

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Independent auditors' report on the financial statements

To the Management and Board Members of
Copersucar S.A.
São Paulo - SP

Opinion

We have examined the individual and consolidated financial statements of Copersucar S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of March 31, 2017 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of the significant accounting policies and other explanatory notes.

In our opinion, the aforementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Copersucar S.A. as of March 31, 2017, the individual and consolidated performance of its operations and its respective individual and consolidated cash flows for the year then ended, in conformity with the accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, according to such standards, are described in the following section, entitled "Auditors' responsibility for the audit of the individual and consolidated financial statements". We are independent of the Company and its subsidiaries, according to the relevant ethical principles established in the Accountant's Code of Professional Ethics and the professional standards issued by the Federal Accounting Council, and comply with other ethical responsibilities according to such standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Other issues

Statements of added value

The individual and consolidated statements of added value (DVA) for the year ended March 31, 2017, prepared under responsibility of Company's Management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out jointly with the audit of financial statements of Copersucar S.A. To form an



opinion, we evaluated whether these statements are reconciled with accounting statements and accounting records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of added value were adequately prepared, in all material respects, according to criteria defined in this Technical Pronouncement and are consistent with individual and consolidated accounting statements taken as a whole.

Other information that accompany the individual and consolidated financial statements and the auditor's report

The management of Copersucar S.A. is responsible for such other information, which comprise the Management Report that should be made available after this report date.

Our opinion on the individual and consolidated financial statements do not include the Management Report, and we do not express any type of audit conclusion on such report.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report, and, when doing so, consider whether such report is, in material respects, inconsistent with the financial statements or with the knowledge we obtained in the audit, or seem otherwise materially misstated. If, based on the work carried out, we conclude that there is material misstatement in the Management Report, we are required to report such fact. We do not have anything to report on this respect.

Responsibilities of management and governance for the individual and consolidated financial statements

Management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB), and the internal controls it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

In the preparation of the individual and consolidated financial statements, management is responsible for assessing the ability of Copersucar S.A. to continue as going concern, disclosing, when applicable, the matters related to its going concern, and the use of this accounting basis in the preparation of the financial statements, unless the management intends to liquidate the Copersucar S.A. and its subsidiaries, or cease their operations, or do not have any realistic alternative to avoid the discontinuance of operations.

Those charged with governance of Copersucar S.A. and its subsidiaries are those with responsibility for supervising the process of preparation of the financial statements.



Responsibilities of the auditors for the audit of individual and consolidated statements

Our aims are to obtain reasonable assurance about whether the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and issue an audit report containing our opinion.

Reasonable assurance means a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detects any existing material misstatements. Misstatements may arise from fraud or error, and are considered material when, individually or in aggregate, may influence, from a reasonable perspective, the economic decisions of users taken based on such financial statements.

As part of an audit conducted according to the Brazilian and international auditing standards, we exercise professional judgment, and maintain professional skepticism during the audit. Moreover:

- We identify and assess risks of material misstatements in the individual and consolidated financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks, as well as obtain appropriate and sufficient audit evidence to base our opinion. The risk of not detecting material misstatement resulting from fraud is higher than the one resulting from error, once fraud may involve the act of cheating internal controls, collusion, falsification, omission or intentional misrepresentations.
- We obtain understanding of the internal controls relevant to the audit for planning audit procedures appropriate to the circumstances, but not with the aim to express opinion on the effectiveness of the internal controls of Copersucar S.A. and its subsidiaries.
- We evaluate the adequacy of the adopted accounting policies and the reasonableness of the accounting estimates and the respective disclosures made by management.
- We arrive at a conclusion on the adequacy of the use, by management, of the going concern basis of accounting, and based on the obtained audit evidences, whether there is material uncertainty in relation to events or conditions that may raise significant doubts on the ability to continue as going concern of the Copersucar S.A. and its subsidiaries. If we conclude that there is material uncertainty, we shall draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include modification in our opinion, should the disclosures be inadequate. Our conclusions are based on the audit evidences obtained through the date of our report. However, future events or conditions may cause Copersucar S.A. and its subsidiaries to no longer continue as going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the individual and consolidated financial statements represent the corresponding transactions and events in a way compatible with the fair presentation objective.
- We obtain appropriate and sufficient audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group, and, consequently, the audit opinion.



We communicate with Management regarding, among other aspects, the planned scope and timing of the audit, as well as significant audit findings, including any possible significant deficiencies in internal controls that we identify during our work.

São Paulo, May 17, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report signed by
André Luiz Monaretti
Accountant CRC 1SP160909/O-3

Fernando Rogério Liani
Accountant CRC 1SP229193/O-2

Copersucar S.A.

Balance sheets as of March 31, 2017 and 2016

(In thousands of reais)

Assets	Note	Consolidated		Parent company		Liabilities	Note	Consolidated		Parent company	
		2017	2016	2017	2016			2017	2016	2017	2016
Current assets						Current liabilities					
Cash and cash equivalents	7	1,264,785	932,854	476,215	704,929	Suppliers	18	1,214,640	1,481,847	924,606	1,028,317
Trade accounts receivable	8	694,290	774,088	262,134	430,690	Loans and financing	19	1,853,779	2,243,662	1,633,721	1,995,014
Inventories	9	2,289,203	2,327,423	1,113,107	1,087,272	Payroll		39,889	17,359	30,501	11,141
Current taxes	10	276,676	296,439	269,745	264,196	Provision for income taxes		14,939	-	-	-
Advances to suppliers	11	323,292	446,562	11,904	16,693	Tax and contributions	20	40,121	54,040	2,123	16,841
Brokers	12	26,338	79,672	518	-	Brokers	12	8,665	7,653	-	38
Unrealized derivative financial instruments	23	565,128	309,310	224,702	141,053	Advance from customers	21	1,315,636	880,191	397	476
Other accounts receivable		72,912	67,935	20,147	25,349	Unrealized derivative financial instruments	23	322,916	656,478	238,055	313,522
						Other accounts payable		75,715	59,012	22,155	9,480
Total current assets		5,512,624	5,234,283	2,378,472	2,670,182	Total current liabilities		4,886,300	5,400,242	2,851,558	3,374,829
Non-current assets						Non-current liabilities					
Deferred assets	13	450,740	411,829	425,477	398,493	Loans and financing	19	2,322,665	1,580,136	1,021,158	862,342
Deposit in court	22	53,736	39,422	38,473	25,522	Employee benefits		18,716	36,484	15,302	5,100
Unrealized derivative financial instruments	23	7,636	13,901	2,262	13,901	Tax and contributions	20	184	321	-	-
Intercompany	25	-	-	4,600	13,399	Provisions for contingencies	22	17,961	37,022	169	20,993
Other accounts receivable		932	6,538	-	4,879	Unrealized derivative financial instruments		5,724	-	5,277	-
Investments	14	1,003,133	867,136	1,579,845	1,356,434	Deferred tax liabilities	13	152,622	114,849	84,068	57,353
Investment property	15	-	-	70,743	70,242	Other accounts payable		1,169	6,869	-	-
Property, plant and equipment	16	762,684	791,296	97,521	105,663	Uncovered liability	14	-	-	-	2,593
Intangible assets	17	247,180	271,485	13,463	15,958	Total non-current liabilities		2,519,041	1,775,681	1,125,974	948,381
Total non-current assets		2,526,041	2,401,607	2,232,384	2,004,491	Shareholders' equity					
						Capital		180,301	180,301	180,301	180,301
						Capital reserve		1,769	-	1,769	-
						Shares in treasury		(134)	(8)	(134)	(8)
						Legal reserve		34,336	21,614	34,336	21,614
						Income reserves		11,233	10,702	11,233	10,702
						Investment reserves		383,036	143,742	383,036	143,742
						Revaluation reserve		22,783	(4,888)	22,783	(4,888)
						Shareholders' equity attributable to controlling shareholders	26	633,324	351,463	633,324	351,463
						Interest of non-controlling interest		-	108,504	-	-
						Total shareholders' equity	26	633,324	459,967	633,324	351,463
Total assets		8,038,665	7,635,890	4,610,856	4,674,673	Total liabilities and shareholders' equity		8,038,665	7,635,890	4,610,856	4,674,673

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of income

Years ended as of March 31, 2017 and 2016

(In thousands of reais)

		Consolidated		Parent company	
		2017	2016	2017	2016
	Note				
Net revenue	27	28,269,893	26,324,006	8,279,163	7,901,678
Unrealized derivative financial instruments	23	634,895	(658,739)	53,846	2,144
Cost of sales	29	<u>(28,048,458)</u>	<u>(24,836,635)</u>	<u>(7,903,864)</u>	<u>(7,230,754)</u>
Gross income		856,330	828,632	429,145	673,068
Sales expenses	29	(124,781)	(122,860)	(49,237)	(41,660)
Administrative expenses	29	(226,397)	(216,968)	(124,502)	(98,219)
Other income		56,217	26,051	49,137	16,484
Other expenses		<u>(42,120)</u>	<u>(39,117)</u>	<u>(8,738)</u>	<u>(3,809)</u>
Income before net financial		519,249	475,738	295,805	545,864
Financial income	28	1,017,307	1,958,221	734,687	806,072
Financial expenses	28	<u>(1,300,555)</u>	<u>(2,235,080)</u>	<u>(962,648)</u>	<u>(1,033,358)</u>
Net financial	28	(283,248)	(276,859)	(227,961)	(227,286)
Equity in net income of subsidiaries	14	65,430	(67,461)	192,426	(231,246)
Income before taxes		301,431	131,418	260,270	87,332
Provision for income taxes (current)	30	(112,290)	(32,746)	(71,337)	(46,154)
Provision for income taxes (deferred)	30	<u>67,823</u>	<u>(53,541)</u>	<u>65,500</u>	<u>(8,739)</u>
Total income and social contribution taxes		(44,467)	(86,287)	(5,837)	(54,893)
Net income for the year		256,964	45,131	254,433	32,439
Net income attributed to:					
Controlling shareholders		254,433	32,439	254,433	32,439
Non-controlling interest (NCI)		<u>2,531</u>	<u>12,692</u>	<u>-</u>	<u>-</u>
Net income for the year		256,964	45,131	254,433	32,439

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of comprehensive income

Years ended as of March 31, 2017 and 2016

(In thousands of reais)

	<u>Consolidated</u>		<u>Parent company</u>	
	2017	2016	2017	2016
Net income for the year	256,964	45,131	254,433	32,439
Comprehensive income				
Accumulated translation adjustment included	765	(2,916)	765	(2,916)
Accumulated translation adjustment	(102,010)	92,779	(102,010)	92,779
<i>Non-Deliverable Forward</i> investment hedge	191,855	(161,428)	191,855	(161,428)
Non-Deliverable Forward - Cash flow hedge	4,277	(129)	4,277	(129)
Income and social contribution taxes	(66,685)	54,929	(66,685)	54,929
Total comprehensive income	<u>285,166</u>	<u>28,367</u>	<u>282,635</u>	<u>15,675</u>
Comprehensive net income attributable to:				
Controlling shareholders	282,635	15,675	282,635	15,675
Non-controlling interest (NCI)	<u>2,531</u>	<u>12,692</u>	-	-
Total comprehensive income	<u><u>285,166</u></u>	<u><u>28,367</u></u>	<u><u>282,635</u></u>	<u><u>15,675</u></u>

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of changes in shareholders' equity

Years ended as of March 31, 2017 and 2016

(In thousands of reais)

	Reserves										
	Capital	Capital reserve	Shares in treasury	Legal reserve	Profit retention	Investment reserve	Revaluation reserve	Retained earnings	Equity attributable to controlling shareholders	Non-controlling interest	Total
In 2015	180,301	-	(8)	19,992	9,886	113,233	12,692	-	336,096	158,678	494,774
Realization of deemed cost	-	-	-	-	-	-	(816)	816	-	-	-
Comprehensive income for the year:											
Accumulated translation adjustment included	-	-	-	-	-	-	(2,916)	-	(2,916)	-	(2,916)
Net investment hedge in foreign transaction	-	-	-	-	-	-	(13,763)	-	(13,763)	-	(13,763)
Net cash flow hedge	-	-	-	-	-	-	(85)	-	(85)	-	(85)
Net income for the year	-	-	-	-	-	-	-	32,439	32,439	12,692	45,131
Distribution of income:											
Legal reserve	-	-	-	1,622	-	-	-	(1,622)	-	-	-
Compulsory minimum dividends (R\$ 0.0002 per share)	-	-	-	-	-	-	-	(308)	(308)	-	(308)
Profit retention	-	-	-	-	816	30,509	-	(31,325)	-	-	-
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	-	(62,866)	(62,866)
In 2016	180,301	-	(8)	21,614	10,702	143,742	(4,888)	-	351,463	108,504	459,967
Realization of deemed cost	-	-	-	-	-	-	(531)	531	-	-	-
Income (loss) from disposal of shares in treasury	-	1,769	-	-	-	-	-	-	1,769	-	1,769
Shares in treasury	-	-	(126)	-	-	-	-	-	(126)	-	(126)
Comprehensive income for the year:											
Accumulated translation adjustment included	-	-	-	-	-	-	765	-	765	-	765
Net investment hedge in foreign transaction	-	-	-	-	-	-	24,614	-	24,614	-	24,614
Net cash flow hedge	-	-	-	-	-	-	2,823	-	2,823	-	2,823
Net income for the year	-	-	-	-	-	-	-	254,433	254,433	2,531	256,964
Distribution of income:											
Legal reserve	-	-	-	12,722	-	-	-	(12,722)	-	-	-
Compulsory minimum dividends (R\$ 0.00196 per share)	-	-	-	-	-	-	-	(2,417)	(2,417)	-	(2,417)
Profit retention "ad referendum" Annual Shareholders' Meeting	-	-	-	-	531	239,294	-	(239,825)	-	-	-
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	-	(111,035)	(111,035)
In 2017	180,301	1,769	(134)	34,336	11,233	383,036	22,783	-	633,324	-	633,324

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of cash flows

Years ended as of March 31, 2017 and 2016

(In thousands of reais)

	Consolidated		Parent company	
	2017	2016	2017	2016
Cash flow from operating activities				
Net income for the year	256,964	45,131	254,433	32,439
Adjusted by:				
Equity in net income of subsidiaries	(65,430)	67,461	(192,426)	231,246
Subsidiary gains with foreign exchange variation	94,466	(165,250)	-	-
Change in brokers fair value	(2,286)	-	-	-
Depreciation and amortization	62,977	59,088	13,648	11,959
Deferred	(67,823)	53,541	(65,500)	8,739
Interest and exchange variation on loans and financings	(156,948)	(325,753)	1,658	331,963
Net value of write-offs of property, plant and equipment and intangible assets	999	27,071	853	461
Increase in provision for contingencies	(19,061)	448	(20,824)	8
Employee benefits	(17,768)	(5,742)	10,202	5,100
Change in inventories' fair values	356,384	(387,273)	188,788	(194,921)
Change in fair value of derivative financial instruments	(139,738)	638,103	291,176	105,075
Gain on interest in associated companies	(10,627)	(10,882)	(10,627)	(10,882)
Changes in assets and liabilities				
Decrease in trade accounts receivable	67,196	75,498	168,285	385,680
Decrease/(Increase) in operations with related parties	433,028	(349,472)	29,034	77,458
(Increase)/decrease in inventories	(326,154)	632,936	(214,623)	349,948
Decrease/(Increase) in current taxes	19,763	77,147	(5,549)	105,137
Decrease in other accounts receivable	14,248	39,352	1,693	21,146
Increase in advance to supplier	87,218	1,385,341	4,789	(1,691)
Decrease/(Increase) in stock exchange operations	57,862	(101,688)	(556)	46
(Increase) in deposits in court	(14,314)	(4,767)	(12,951)	(4,537)
(Decrease) in suppliers	(226,822)	(1,278,019)	(103,711)	(1,168,596)
Increase/(Decrease) in social and payroll and employee benefits	22,530	(9,024)	19,360	(7,694)
Increase/(Decrease) in tax and contributions	9,751	(7,893)	(14,718)	(11,290)
(Decrease)/Increase in other accounts payable	(30,022)	38,816	12,679	3,636
Interest paid on loans and financing	(217,477)	(297,395)	(177,140)	(255,257)
Income and social contribution taxes paid	(8,869)	(9,812)	-	-
Dividends receivable	-	49,246	10,000	496,636
Net cash flow generated in operating activities	180,047	236,209	187,973	511,809
Cash flows from investment activities				
Application of funds in investments	(252,674)	(107,835)	(145,139)	(46,900)
Application of funds in property, plant and equipment	(59,978)	(166,607)	(4,364)	(24,874)
Application of funds in intangible assets	-	(4,775)	(1)	(6)
Net cash (used) in investment activities	(312,652)	(279,217)	(149,504)	(71,780)
Cash flows from financing activities				
Disposal of shares in treasury	1,642	-	1,642	-
Loss with financial instrument – investment hedge	(241,521)	(28,218)	(241,521)	(28,218)
Dividends paid	(308)	-	(308)	-
Loans and financing obtained	3,647,155	2,504,501	1,920,429	1,498,451
Payments of loans and financing	(2,938,343)	(2,564,981)	(1,947,425)	(1,698,717)
Net cash generated/(used) in financing activities	468,625	(88,698)	(267,183)	(228,484)
Net increase/decrease in cash and cash equivalents	336,020	(131,706)	(228,714)	211,545
Statement of changes in cash and cash equivalents				
At the end of the year	1,264,785	932,854	476,215	704,929
Effect of foreign exchange variation on cash and cash equivalents	(4,089)	13,306	-	-
At the beginning of the year	932,854	1,051,254	704,929	493,384
Net increase/decrease in cash and cash equivalents	336,020	(131,706)	(228,714)	211,545

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of added value

Years ended as of March 31, 2017 and 2016

(In thousands of reais)

	Consolidated		Parent company	
	2017	2016	2017	2016
Revenue				
Sale of merchandise, products and services	29,208,743	27,352,009	9,182,624	8,953,034
Other income	(18,108)	35,989	6,113	1,307
Change in fair value of financial instruments	634,895	(658,739)	53,846	2,144
Estimated allowance for doubtful accounts	94	(329)	-	-
	29,825,624	26,728,930	9,242,583	8,956,485
Inputs acquired from third parties				
Cost of products, goods, and services sold	(28,723,674)	(25,682,663)	(8,780,696)	(8,167,366)
Materials, outsourced services and other	(263,702)	(214,034)	(64,503)	(55,215)
Other	(31,702)	(33,727)	(320)	(78)
	(29,019,078)	(25,930,424)	(8,845,519)	(8,222,659)
Gross added value	806,546	798,506	397,064	733,826
Depreciation and amortization	(62,977)	(42,987)	(13,648)	(11,959)
Added value received as transfer				
Equity in net income of subsidiaries	65,430	(67,461)	192,426	(231,246)
Financial income	1,017,307	1,958,221	734,687	806,072
Other	53,976	25,304	48,320	15,741
	1,136,713	1,916,064	975,433	590,567
Total added value payable	1,880,282	2,671,583	1,358,849	1,312,434
Distribution of added value	(1,880,282)	(2,671,583)	(1,358,849)	(1,312,434)
Personnel				
Direct remuneration	(130,196)	(93,920)	(34,193)	(30,009)
Benefits	(74,911)	(62,467)	(52,129)	(33,185)
FGTS	(8,750)	(8,064)	(2,968)	(2,993)
	(213,857)	(164,451)	(89,290)	(66,187)
Taxes, rates and contributions				
Federal	(62,798)	(155,064)	(25,818)	(117,800)
State	(22,118)	(57,372)	(20,422)	(56,286)
Municipal	(9,243)	(7,669)	(634)	(552)
	(94,159)	(220,104)	(46,874)	(174,638)
Third parties' capital remuneration				
Interest	(1,300,555)	(2,235,080)	(962,648)	(1,033,357)
Rentals	(14,747)	(6,817)	(5,604)	(5,813)
	(1,315,302)	(2,241,897)	(968,252)	(1,039,170)
Remuneration of own capital				
(Income) for the year	(254,433)	(32,439)	(254,433)	(32,439)
Non-controlling interest	(2,531)	(12,692)	-	-
	(256,964)	(45,131)	(254,433)	(32,439)

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of reais)

1 Operations

The business purpose of the Company organized in the form of a privately-held corporation, domiciled in Brazil, headquartered and located in São Paulo (SP) and is mainly engaged in: to import, export, manufacture, store, load and unload sugar; for ethanol and by-products in the domestic and international markets; for commercial representation of sugar, ethanol and derivatives; land river, sea logistics; cargo shipments including hazardous and acting as operator of multimodal transport, for provision of technical and consultancy services related to the aforementioned activities; and interest in other entities.

The individual and consolidated financial statements of the Company for the year ended March 31, 2017 comprise the parent company and its subsidiaries.

The fiscal year of the Company and its subsidiaries ends on March 31 every year, except for Copersucar North America, LLC, whose year ends as of December 31 of each year. For the next crop, Copersucar North America's fiscal year begins to follow the fiscal year from April to March.

2 Company's entities

Entity	City/State: - Country	2017	Main activities
Direct subsidiaries:			
Companhia Auxiliar de Armazéns Gerais	São Paulo/SP - Brazil	100.00000%	To sell food products and goods in general on the wholesale market, rent warehouses, provide storage facilities, export sugar and other products of vegetable origin and undertake port operating activities.
Copersucar Armazéns Gerais S.A.	São Paulo/SP - Brazil	99.99997%	Wholesale trade of food products and goods in general, retail and wholesale trade and distribution of fuel for automotive or industrial purposes, and rental of warehouses.
Copersucar Trading A.V.V. Copersucar North America, LLC	Orangestad - Aruba Franklin/TN - USA	100.00000% 100.00000%	Importing and exporting sugar and ethanol, which are mainly purchased from Cooperativa de Produtores de Cana-de-Açúcar, Açúcar e Alcool do Estado de São Paulo (Cooperative).
Indirect subsidiary:			
Eco-Energy Global Biofuels LLC	Franklin/TN - USA	100.00000%	Operates in an integrated manner in the biofuel supply chain, focusing on trade, logistics and marketing services.
Sugar Express Transportes S.A.	Ribeirão Preto/SP - Brazil	100.00000%	is responsible for the road transport of sugar and ethanol.

Entity	City/State: - Country	2017	Main activities
Associated companies:			
Centro de Tecnologia Canavieira S.A.	São Paulo/SP - Brazil	16.93150%	Research and development of new technologies to be applied in the agricultural activities, logistics and manufacturing processes of the sugarcane and sugar and alcohol sectors; research and development of sugarcane varieties, especially the genetic improvement of sugarcane; control of diseases and pests, particularly for biological control purposes; and transfer of agricultural, industrial and laboratory technologies.
Uniduto Logística S.A.	São Paulo/SP - Brazil	39.07370%	Develops, builds and operates pipelines to move liquids for sell / wholesale trade in domestic and foreign markets, intermodal terminals and port terminals for the export of such liquids; moreover, to participating in other companies whose business purpose is one or more activities listed in the previous items.
Jointly controlled subsidiaries:			
Logum Logística S.A.	Rio de Janeiro/RJ - Brazil	21.28310%	Implements the construction and operates intermodal and multimodal networks for the transport of ethanol, oil by-products and other biofuels to the domestic and international markets; activities directly or indirectly related to intermodal and multimodal transport of ethanol, oil by-products and other biofuels; participation in projects whose aim is to promote the development of intermodal and multimodal transport of ethanol, oil by-products and other biofuels; imports, exports, acquisition, sells, distributes or leases of all the machinery and equipment related to the aforementioned activities, and exploration and development of opportunities in business related to the installation of optic fiber cables in its rights of way.
Alvean Sugar Intermediação e Agenciamento Ltda.	São Paulo/SP - Brazil	50.00000%	Providing agency services and the sell raw and white sugar trading.
Alvean Sugar, S.L.	Bilbao - Spain	50.00000%	Originating and sell in the global trading raw and white sugar.

In March/17 Copersucar North America acquired, as provided for in the purchase agreement entered into in December /12, the total shares of Eco-Energy Global Biofuels LLC in the USA.

3 Preparation basis

a. Statement of compliance (in relation to IFRS standards and CPC standards)

The individual and consolidated financial statements were prepared according to the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (“BR GAAP”).

The issue of financial statements was approved by the Executive Board on May 17, 2017.

Details on the Group's significant accounting policies are shown in Note 5.

All the relevant information on the financial statements, and only these, are being evidenced and are the same as those employed by Company Management.

b. Functional and presentation currency

The individual and consolidated financial statements are presented in Real, which is the functional currency of the all the Company's entities, except for Copersucar North America LLC and Eco-Energy Global Biofuels LLC, the functional currency of which is the US dollar. All financial information presented in BRL has been rounded to the thousand nearest value in thousand, except otherwise indicated.

c. Use of estimates and judgments

The preparation of Company's individual and consolidated financial statements requires Management to make judgments and estimates and adopt assumptions that affect the amounts presented for income, expenses, assets and liabilities, including contingent liabilities. However, uncertainty relating to these judgments, assumptions and estimates could lead to results that require a significant adjustment to the book value of certain assets and liabilities in future periods.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

The main accounting estimates, assumptions and judgments are: useful life of fixed assets (note 5.h.iv), useful life of intangible assets (note 5.i.iv), inventories (note 9), deferred assets and liabilities and use of tax losses (note 13), investment property (note 15), and provisions for contingencies (note 22), financial instrument (note 23) and lease (note 32).

d. Measurement of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company uses observable market data as much as possible and fair values are classified on hierarchical basis, according to valuation techniques, as follows:

- **Level 1:** Prices quoted (not adjusted) in active markets for identical assets and liabilities.
- **Level 2:** Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

For this fiscal year, there are no valuations at fair value made by the Company that fall within Level 3 defined by CPC 40 (item 27A.c.).

The Company recognizes transfers between fair value hierarchic levels at the end of the financial statements year in which changes occurred.

When applicable to fair values, additional information about the assumptions made in determining is disclosed in the notes specific to that asset or liability.

4 Measuring basis

The individual and consolidated financial statements were prepared based on the historical cost, except for the following material items recognized in the balance sheets:

- Derivative financial instruments measured at fair value;
- Non-derivative financial instruments designated at fair value through profit or loss are measured at fair value;
- Property, plant and equipment - measured at acquisition and deemed cost; and
- Inventories - calculated at fair value less sales expenses, through marking to market, except for Anhydrous inventory, which is valued under the average acquisition cost, not exceeding the net realizable value, as mentioned in Note 5 (item g).

5 Significant accounting policies

The accounting policies described below have been consistently applied to all the years presented in these individual and consolidated financial statements in accordance with IFRS and the accounting pronouncements issued by the Accounting Pronouncement Committee (CPC), unless otherwise stated.

The accounting policies have also been consistently applied by the Company's entities.

a. Consolidation basis

(i) Subsidiaries

The financial statements of the subsidiaries are included in the consolidated financial statements as from the date they start to be controlled by the Company until the date such control ceases. The accounting policies of the subsidiaries are aligned with the policies adopted by the Company.

The individual financial statements of the parent company, financial information of subsidiaries are recognized under the equity method.

(ii) Investments in jointly-controlled subsidiaries

A joint venture is a contractual agreement that joins together two or more parties for the purpose of executing a particular business undertaking which is subject to joint control.

The individual financial statements of the Parent company, financial information from jointly-controlled subsidiaries are recognized under the equity method.

(iii) Investments in associated companies

Associated companies are the entities in which the Company has, directly or indirectly, significant influence but not control on financial and operating policies. The significant influence is characterized by the Company holding, directly or indirectly, from 20% to 50% of the voting rights of the other entity.

In the Parent company's individual financial statements, investments in associated companies are accounted for at the equity method and are initially recognized at cost. When the participation of the Company in the losses of an investee, whose shareholders' equity has been

accounted for, exceeds its ownership interest in the investee recorded at the equity method, the book value of that ownership interest, including long-term investments, is reduced to zero and recognition of additional losses is closed.

(iv) *Transactions eliminated in the consolidation*

Intragroup balances and transactions, and any income or expenses derived from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains originating from transactions with investees are eliminated against the investment. Unrealized losses are also eliminated, unless the transaction shall provide evidence of asset impairment.

(v) *Non-controlling interest (NCI)*

The Group chose to measure minority interests in acquiree at their proportion in identifiable net assets on acquisition date. Changes to the Company's interest in a subsidiary that do not result in loss of control are accounted for as transactions of shareholders' equity.

b. *Operating income*

(i) *Trading of sugar and ethanol*

Operating income from sale of sugar and ethanol in the normal course of business is measured at the fair value of the consideration received or receivable, net of returns, commercial discounts and bonuses. Operating income is recognized when: (i) risks and benefits more significant related to ownership of the goods have been transferred to the purchaser; (ii) it is probable that the financial economic benefits will flow to the Company; (iii) costs and potential return of goods can be reliably estimated; (iv) there is no continuous involvement with goods sold; and (v) the amount of operating income can be reliably measured. In the event it is probable that discounts will be granted and their amounts can be reliably measured, the discounts are recognized as to deduction from operating income as the related sales are recognized.

(ii) *Rendering of services*

Income (loss) from the provision of storage, logistics and loading of sugar and ethanol are recognized when: (i) the amount of the income can be reliably estimated; (ii) it is likely that the economic benefits related to the transaction will flow to the entity; (iii) the stage of completion of the transaction at the end of the reporting year can be reliably measured, and (iv) the expenses incurred for the transaction and the expenses to complete it can be reliably measured.

c. *Financial income and expenses*

Financial income substantially comprises income from interest-earning investments, foreign exchange fluctuations of financial items and positive changes in the fair value of financial instruments used to hedge currency and interest rate risks, as well as gains on the settlement of these instruments. Interest income is recognized in profit or loss using the effective interest method.

Financial expenses substantially comprise expenses with interest on loans, liability foreign exchange fluctuations of financial items and negative changes in the fair value of financial instruments used to hedge currency and interest risks, as well as losses on the settlement of these instruments. Borrowing costs which are not directly attributable to the acquisition,

construction, or production of a qualifying asset are accounted in profit or loss using the effective interest rate method.

d. Foreign currency

(i) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency of the Company (Real) at the foreign exchange rates on the dates of the transactions. Balances of foreign currency are translated at the foreign exchange rate in force on the date of closing of the financial statements and foreign exchange gains or losses are recognized in financial income (loss).

(ii) Group's foreign companies

For the subsidiaries which the functional currency is the Dollar, assets and liabilities of foreign transactions are translated into Brazilian reais (parent company's functional currency) at the exchange rate prevailing on presentation date. Income and expenses from foreign transactions are converted into reais at the average exchange rates (selling rate - PTAX) calculated in the year.

For the subsidiaries with Reais as functional currency, foreign currency differences generated in the translation to the currency presentation are recognized in the income (loss) for the year, since the functional currency of the operation abroad is the Real.

Such exchange variations are recognized in earnings or losses in the individual financial statements of the parent company or subsidiary.

For the translation of transactions in US dollar (USD) to the functional currency of the Company (Brazilian real - R\$), the following exchange rates were used for the Consolidated and Parent company:

	Average annual rate		Spot closing rate	
	2017	2016	2017	2016
R\$/USD	3.2983	3.5932	3.1684	3.5589

e. Employee benefits

(i) Defined contribution plans

The Company offers to its employees a Private Pension Plan of Defined Contribution, in order to provide to the people the possibility to accumulate funds to ensure a monthly income in the future, allowing the employee to maintain a proper life standard after retirement. The Company's pension plan is accessible to all the employees and directors, on optional basis.

The employee who opts to join the plan may opt for two types: 1- "Free benefit generator plan (PGBL)" or 2 - "Free benefit generator life (VGBL)". Pursuant to the approved rules of the plan, the employee may participate through basic or supplementary contributions, and the Company contributes in parity with the basic contributions that the employee makes up to the limit of 6% of the salary of contribution. In addition, the employee may make extraordinary contributions, without payment by the Company.

(ii) Profit sharing and bonuses

The employees' profit sharing and variable remuneration of the executives are contingent upon the attainment of operating and financial targets. The Company recognizes a liability and an expense allocated to production cost and to general and administrative expenses, when these targets are achieved. (Note 31).

f. Income and social contribution taxes

The current and deferred income tax and social contribution charge is calculated based on enacted tax acts, at the balance sheet date of countries in which the Group's entities operate and generate taxable income. Management periodically evaluates the positions taken by the Group in the calculations of income tax with respect to situations in which applicable tax regulation is subject to interpretations; and establishes provisions when appropriate, on the basis of amounts expected to be paid to the tax authorities.

Income tax is computed on taxable income at the rate of 15%, plus a 10% surtax for income exceeding R\$ 240 in the 12-month period, whereas social contribution is computed at the rate of 9% on taxable income, recognized on the accrual basis. Also, it may affect the offset of tax loss carryforwards is considered, limited to 30% of annual taxable income.

The income and social contribution tax expense comprises current and deferred taxes on income. Current taxes and deferred taxes are recognized in income unless items directly recognized in Shareholders' equity or in Other comprehensive income.

Current tax assets and liabilities are offset only if certain criteria are met.

(i) Current tax

Current taxes are the taxes payable or receivable on the taxable income or tax loss for the year and any adjustments to taxes payable in relation to prior years at aforementioned rates.

(ii) Deferred tax

Deferred tax is calculated on tax losses and negative basis of income social contribution, as well as temporary losses between calculation bases on assets and liabilities and book values of financial statements.

A deferred income and social contribution tax asset is recognized to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

Deferred income and social contribution tax assets are reviewed at each preparation date of financial statements and reduced when their realization is no longer probable.

(iii) Tax exposures

When determining current and deferred income tax, the Company takes into consideration the impact of uncertainties related to tax positions taken. The Company believes that the provision for income tax recorded in liabilities is adequate for all outstanding tax years, based on its evaluation of several factors, including interpretations of tax laws and past experience. This evaluation is based on estimates and assumptions and may involve several judgments on future events. New information may be provided, making the Company change its judgment on the

existing provision adequacy and as a result, affect the income tax expense for the year in which it is made.

g. Inventories

The Company's inventories are marked-to-market less costs to sell, except for Anhydrous inventory which is valued under the average acquisition cost, not exceeding the net realizable value. The net realizable value is the sales price estimated for the normal course of the businesses, less estimated costs for the sale. In determining fair value, the Company uses as a reference the indices disclosed by public sources and related to the products and active markets where it operates. Changes in the fair value of these inventories are recognized in the income (loss) for the year.

h. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, net of depreciation and accumulated impairment losses, when applicable. Software acquired as an integral part of the functionalities of an item of equipment is capitalized as part of the equipment.

The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of assets built includes: materials and direct labor; any other costs attributable to bringing the assets to the location and condition requires for them to operate, costs for dismantling and restoration of the site where they are located; and borrowing costs on qualifiable assets.

When parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of PP&E.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the book value of Property, plant and equipment and are recognized net within "Other operating income/expenses" in income (loss).

(ii) Reclassification for investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as an investment property. Any increase resulting from this remeasurement is recognized in income (loss) to the extent the gain reverses earlier impairment loss of this property, which cannot exceed the book value initially recognized (net of depreciation). If there is a remaining increase, the same is recognized in revaluation reserve, as part of other comprehensive income. Any decrease is recognized in income (loss).

(iii) Subsequent costs

The replacement cost of a component of property, plant and equipment is recognized in the book value of the item when it is probable that the future economic benefits embodied in the component will flow to the Company and its cost can be reliably measured. Book value of the component that has been replaced by another component and maintenance cost are accounted for in the incurred statement of income for the year.

(iv) Depreciation

Fixed asset items are depreciated from the date they are available for use, or, in the case of assets constructed by the Company, as of the date the construction is concluded and the asset is available for use. The depreciation is recognized in statement of income under the straight-line method regarding estimated useful lives.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The annual weighted average rates for the current and comparative year are as follow:

Annual weighted average rate:	2017 and 2016	
	Consolidated	Parent company
Constructions and improvements	1.90%	1.90%
Machinery and equipment	3.77%	2.86%
Data processing equipment	19.52%	19.52%
Furniture and fixtures	6.94%	6.95%
Vehicles	8.59%	8.50%
Leasehold improvements	4.92%	-

The depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

i. Intangible assets and goodwill

(i) Intangible assets with defined useful life

Intangible assets acquired by the Company with finite useful lives are measured at cost, less accumulated amortization and accumulated impairment losses, when applicable.

(ii) Intangible assets with undefined useful life

Goodwill

The goodwill calculated on the acquisition of Eco-Energy Global Biofuels, LLC shares is supported by expected future earnings. The Company assesses annually and whenever there are indications of the likelihood of recovering the goodwill on these investments, to this end employing practices applied in the market regarding the subsidiary's cash flow.

(iii) Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally-generated goodwill and trademarks, are recognized in profit or loss as incurred. Book value of the intangible assets that has been replaced by another component is accounted for in the statement of income for the year in which replacement occurred. Daily costs of maintenance are recognized in income (loss) as incurred.

(iv) Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss, under “Administrative expenses” caption, on a straight-line basis over the estimated useful lives of the intangible assets, except goodwill, as of the date they are available for use. Software estimated useful life for current and comparative years is 5 years.

j. Investment property

Investment property is property held to earn rentals or for capital appreciation or both, but not for sale in the ordinary course of business, or use in the production or supply of products or services or for administrative purposes. Investment property is initially measured at cost and, subsequently, when significant, at fair value, and changes to fair value are recognized in the income (loss).

Cost includes expenses directly attributable to the acquisition of an investment property. The cost of investment property build by the owner includes the material used, direct labor, or any other cost directly attributable to bringing the investment property to a working condition for its intended purpose, and the capitalized interest on borrowings.

k. Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes the loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the date of the negotiation under which the Company becomes a party to the contractual provisions of the instrument.

The non-derivative financial assets of the Company are financial assets measured at fair value through profit or loss and loans and receivables.

Financial assets measured at fair value through profit or loss

Financial assets are stated at fair value through profit or loss if the Company manages these investments and makes decisions on investment and redemption based on fair value according to the risk management and strategy of investment documented by the Company. Changes in fair value and transaction costs, after initial recognition, are recorded in income (loss) for the year.

Assets measured at fair value through profit or loss are comprised by: inventories (except for anhydrous compounds), stock exchange derivatives and unrealized financial instruments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, but not quoted on any active market. Such assets are initially recognized at fair value and after the initial recognition, loans and receivables are measured at amortized cost through the effective interest method, less any impairment loss.

Loans and receivables comprise trade accounts receivable, other receivables, related parties and advance to supplier.

(ii) *Non-derivative financial liabilities*

The Company recognizes subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the negotiation date on which the Company becomes a party to the contractual provisions of the instrument. The Company fails to recognize a financial liability when its contractual obligations are discharged or canceled or expired.

Such financial liabilities are initially recognized at fair value. After their initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Other non-derivative financial liabilities comprise loans and financing, suppliers, advance from customers and other accounts payable.

(iii) *Capital*

Common and preferred shares are classified as shareholders' equity.

The minimum mandatory dividends, as established in the By-laws, are recognized as liabilities. Additional dividends proposed should be approved by the Board of Directors of the Company and recognized in the Shareholders' equity under this caption.

(iv) *Derivative financial instruments*

The Company holds derivative financial instruments: futures, swaps and NDFs (Non-Deliverable Forward) for hedging interest rate, foreign exchange and commodity price risks.

The purpose of the transactions involving derivatives is always related to the Company's operations and the reduction of its exposure to currency and market risks, duly identified by the policies and guidelines established. The results obtained from such operations are consistent with the policies and strategies defined by Company's management and all the gains or losses resulting from derivative financial instruments are recognized at fair value.

Gains/losses related to unrealized derivative financial instruments arising from commodity price hedging and foreign exchange variation are recognized in gross profit. Derivative effects related to foreign exchange and interest risks are recognized in financial income (loss).

Derivatives are initially recognized at their fair value, while the attributable transaction costs are recognized in profit or loss when incurred. After the initial recognition, derivatives are measured at fair value and changes accounted profit or loss for the year.

(v) *Net investment hedge abroad*

The Company uses hedge accounting for foreign currency differences between the operation's functional currency abroad of the investee and functional currency of the parent company (Brazilian Real).

Within the conditions for hedge effectiveness, exchange differences arising from the translation of financial liability designated as hedge, of a net investment in a foreign operation are recognized in other comprehensive income and accumulated as revaluation reserve in shareholders' equity.

l. Impairment

The Company reviews on each reporting date, in order to calculate if there is an indication of impairment loss, and when there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that such loss event had a negative effect on the projected future cash flows of that asset that can be reliably estimated. When it is not possible to estimate the individual recoverable amount of an asset, the Company calculates the recoverable amount of the cash generating unit to which the asset belongs.

When assessing impairment on an aggregate basis the Company makes use of historical trends of probability of default, the recovery term and the amounts of losses incurred, adjusted to reflect the Management's judgment regarding assumptions if the current economic and credit conditions are such that the actual losses will probably be higher or lower than those suggested by historical trends.

Provisions for estimated losses on receivables from the receivable portfolio are recognized in the income statement for the year under "Sales expenses" as an Estimated Provision for Doubtful Accounts (PECLD) in each year of recoverable amount valuation, in accordance with IAS 39/CPC 38 - "Financial Instruments: Recognition and Measurement."

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less sales expenses. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions as to the recoverability year of capital and the risks specific to the asset or CGU (Cash Generating Unit).

The Company's corporate assets do not generate separate cash inflows. If there is indication that a corporate asset is impaired, the recoverable value is determined for the CGU or group of CGUs to which the corporate asset belongs in a reasonable and consistent manner.

An impairment loss is recognized when the book value of an asset or its CGU exceeds its recoverable value. Impairment losses are recorded in the income (loss) for the year. Impairment losses recognized for CGUs are initially allocated to reduce the book value of any goodwill attributed to the CGUs and then, if there was a remaining loss, to reduce the book value of the other assets within the CGU or group of CGUS on a pro-rata basis.

On March 31, 2017 and 2016, the Company did not identify indications that the value of these assets is lower than the realizable value.

m. Provisions

A provision is set up when the Company has a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation.

n. Leases

(i) *Determining whether an agreement contains a lease*

At the beginning of the agreement, the Group establishes if it is or contains a leasing. At the beginning or upon revaluation if an agreement contains a leasing, the Group separates the

payments and other considerations required by the agreement related to the leasing from those related to other elements of the agreement based on the fair value of each element. If the Group concludes, for a financial lease, that it is not possible to separate the payments on reliable basis, then the assets and liabilities are recognized for an amount equal to the fair value of the assets; subsequently, the liabilities are reduced when the payments are made and the financial cost associated to the liabilities is recognized using the incremental funding rate of the Group.

(ii) Leased assets

Assets maintained as lease by the Company and that substantially transfer to the Company all ownership risks and benefits are classified as financial lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Assets held under other leases are classified as operating leases and are not recognized in the Group's balance sheet.

(iii) Lease payments

The payments made under operating leases are recognized in the income statement on the straight-line basis, in accordance with the effective term of the lease. Lease incentives received, when applicable, are recognized as an integral part of the total lease expenses over the effective term of the lease.

o. Segment information

An operating segment is a component of the Company which engages in business activities from which it may earn income and incur expenses. The operating segments reflect how the Company's management reviews the financial information for decision-making. Management defined the Group's operating segments based on reports employed to make strategic decisions as follow: Trading of sugar and ethanol and rendering of services.

p. Statements of added value

The Company prepared individual and consolidated statements of added value in accordance with the rules of technical pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements under accounting practices adopted in Brazil applicable to publicly-held companies, whereas under IFRS they represent supplementary financial information.

q. New standards and interpretations not yet adopted

The following new standards and interpretations were issued by the IASB but are not yet effective for the year ended March 31, 2017. The early adoption of standards, although encouraged by the IASB, is not allowed in Brazil by the Accounting Pronouncement Committee (CPC):

- **IFRS 9** - Financial instruments. It covers the classification, measuring and the recognition of financial assets and liabilities. The full version of IFRS 9 was published in July 2014, effective as of January 1, 2018. Management is evaluating the full impact of its adoption.
- **IFRS 15** - Income from contracts with clients. This new standard provides the principles that an entity applies to determine the measurement of revenue and when will be recognized. The standard will become effective as of January 1, 2018 and supersedes IAS 11 - "Construction

Contracts” and IAS 18 - "Income" and their related interpretations. Management is evaluating the full impact of its adoption.

- **IFRS 16 - Leases.** IFRS 16 requires that an entity should recognize that any lease in which the Group is a lessee should be stated in the balance sheet. The new standard is applicable beginning on or after January 1, 2019 and replaces the IAS 17 - Leases. Management is evaluating the full impact of its adoption.

There are no IFRS standards or IFRIC interpretations other than the aforementioned, that are not yet effective and that are expected to have a significant impact on the Company.

The Accounting Pronouncements Committee has not yet issued any accounting pronouncement or amendments in current pronouncements corresponding to all new IFRSs.

6 Operating segments

Management defined the Group's operating segments based on reports employed to make strategic decisions as follow: Trading of sugar and ethanol and rendering of services.

- **Trading of sugar and ethanol** - purchase and sale of raw, white sugar, anhydrous ethanol and hydrous ethanol in domestic and foreign market.
- **Rendering of services** - Comprises the results from the provision of storage, logistics services and loading of sugar and ethanol.

The selected information on results by segment, measured based on the same accounting practices used in the preparation of the consolidated information, are as follows:

	2017			2016		
	Sugar/Ethanol	Services	Total	Sugar/Ethanol	Services	Total
Net revenue (a)	28,465,713	439,075	28,904,788	25,313,634	351,633	25,665,267
Cost of sales	(27,846,288)	(202,170)	(28,048,458)	(24,657,601)	(179,034)	(24,836,635)
Gross margin	619,425	236,905	856,330	656,033	172,599	828,632

- (a) The amounts shown as net revenue include the Income from unrealized derivative financial instruments, separately disclosed in the statements of income.

Consolidated net operating income by geographic area is as follows:

Region/Country	2017	2016
United States	12,920,756	12,123,857
Brazil	8,363,968	7,911,580
Switzerland	3,581,783	3,366,022
United Arab Emirates	1,436,172	1,087,352
Canada	969,562	981,488
Seychelles Islands	834,262	618,020
Japan	79,941	23,090
China	50,740	19,973
Spain	13,744	-
Uruguay	9,113	-
South Korea	8,725	76,762
Great Britain	1,127	72,994

Region/Country	2017	2016
Colombia	-	433
Philippines	-	19,989
Nigeria	-	9,332
Netherlands	-	13,105
Sweden	-	9
Total	<u>28,269,893</u>	<u>26,324,006</u>

7 Cash and cash equivalents

	<u>Consolidated</u>		<u>Parent company</u>	
	2017	2016	2017	2016
Cash	27	32	26	16
Bank - Checking account	768,808	228,199	6,042	6,746
Investment Fund	390,579	-	390,579	-
Interest earning bank deposits	105,371	704,623	79,568	698,167
Total	<u>1,264,785</u>	<u>932,854</u>	<u>476,215</u>	<u>704,929</u>

The balances of investment funds are remunerated by quotas, equivalent to 101% of CDI (average of 12 months).

The balances of interest earning bank deposits are represented by fixed-income securities, which substantially yield of 99% (Debentures) of the variation of CDI-CETIP - Interbank Deposit Certificate (101% as of March 31, 2016), have daily liquidity and can be redeemed immediately, without a fine or loss of yield.

For more information on the Company's exposure to interest, foreign currency and liquidity risks, see Note 23.

8 Trade accounts receivable

	Note	<u>Consolidated</u>		<u>Parent company</u>	
		2017	2016	2017	2016
Domestic market		212,249	370,134	244,497	385,395
Foreign market		450,910	376,479	-	-
Related parties	25	31,131	27,475	17,637	45,295
Total		<u>694,290</u>	<u>774,088</u>	<u>262,134</u>	<u>430,690</u>

The Company's exposure to credit risks, as well as balances average age, currency risk and impairment losses related to trade accounts receivable are disclosed in note 23.

Trade accounts receivable are classified as receivables stated at amortized cost. The Company assessed the adjustment to present value, with the CDI - Interbank Deposit Certificate market

rate, of its balances of trade accounts receivable as of March 31, 2017 and 2016, and concluded that the amounts substantially match the book values presented on the balance sheet.

9 Inventories

	Consolidated		Parent company	
	2017	2016	2017	2016
Sugar	1,341,107	1,270,309	599,421	569,963
Ethanol	895,598	1,007,047	505,580	511,116
Gasoline	578	-	-	-
RIN / LCFS	26,762	38,071	-	-
Natural gas	12,216	4,298	-	-
Stocks, packaging, and others	12,942	7,698	8,106	6,193
Total	2,289,203	2,327,423	1,113,107	1,087,272

An advance is given to customers for sugar inventories meant for the foreign market under liabilities (prepayment) amounting to R\$ 1,310,656 as of March 31, 2017 and 873,163 as of March 31, 2016, as described in Note 21, of the jointly-controlled subsidiary Alvean Sugar S.L.

The volumes of inventory of Anhydrous Ethanol of the Company on March 31, 2017 are compliant with resolution ANP No. 67 of December 2011 (art.10), and are stated at average acquisition cost, which does not exceed net realizable value.

The inventories of tradable products - sugar, ethanol (except for anhydrous), gasoline (and gasoline by-products), RINs and LCFS (Renewable Identification Numbers and *e Low Carbon Fuel Standard*) are valued at fair value based on quoted market prices (mark to market) less costs to sell. On a monthly basis, the acquisition cost, without including freight and storage expenses and recoverable taxes, is compared with the equivalent quoted market price as of the reporting date. Reference prices are available to the public and obtained from active markets, as follows:

- Prices of raw sugar contracts negotiated on the Intercontinental Exchange (ICE) (sugar contract #11) / NYBOT;
- Prices of domestic sugar contracts disclosed by the Center for Advanced Studies on Applied Economics (CEPEA) of the Luiz de Queiroz School of Agriculture from the University of São Paulo (USP);
- Prices of anhydrous and hydrated ethanol disclosed by the Center for Advanced Studies on Applied Economics (CEPEA) of the Luiz de Queiroz School of Agriculture from the University of São Paulo (USP);
- Prices of anhydrous ethanol over-the-counter contracts, based on *Ethanol (Platts) T2 FOB Rotterdam*, disclosed by CME Group;
- Prices of anhydrous ethanol over-the-counter contracts, based on *Chicago Ethanol (Platts) Swap Futures*, disclosed by CME Group;

- Prices of *Renewable Identification Numbers (RINs)/ Low Carbon Fuel Standards (LCFs)*, with different expiry dates, as published by the *Oil Price Information Service (OPIS)/ Heating Oil Bio Reference*;
- Prices of gasoline and its by-products (C5, CBOB, Agreement 93 and NC4), as published by the Oil Price Information Service (OPIS) (C5 and NC4) and by Platts - CME Group (CBOB and Agreement 93); and
- Price of natural gas - Nymex Henry Hub gas futures, disclose by the CME Group.

The adjustment amount is accounted for under "Selling costs" on the income statement for the year.

The reference prices used to determine the fair value of inventories each year are as follows:

Commodity	Market index	Unit	2017	2016
Raw sugar	Sugar #11 (ICE/NYBOT)	¢lb	16.76	15.35
White sugar	Crystal Sugar (CEPEA/ESALQ)	RS/ton	1,480.00	1,532.80
Anhydrous ethanol	Anhydrous ethanol (CEPEA/ESALQ)	RS/m3	1,697.60	2,113.70
Hydrous ethanol	Hydrous ethanol (CEPEA/ESALQ)	RS/m3	1,526.40	1,906.60
Anhydrous ethanol (Europe)	Ethanol (Platts) T2 FOB Rotterdam (CME Group)	EUR/m3	525.00	454.00
Anhydrous ethanol (USA)	Ethanol (Platts) Chicago Platts (CME Group)	USD/GL	1.69	1.55
Gasoline	OPIS/ Platts	USD/GL	1.42	-
RIN	OPIS / Heating Oil Reference	US\$/unit	0.53	0.82
Natural gas	Nymex henry hub gas futures	USD/mmbtu	3.01	1.80

10 Current taxes

	Consolidated		Parent company	
	2017	2016	2017	2016
ICMS	127,316	92,742	126,934	92,473
IPI	9,265	9,265	9,265	9,265
PIS	22,173	16,285	16,155	10,899
COFINS	54,767	49,540	54,564	49,540
IRPJ	48,343	121,683	48,102	94,893
CSSL	14,812	6,924	14,725	7,126
Total	276,676	296,439	269,745	264,196

11 Advances to suppliers

	Note	Consolidated		Parent company	
		2017	2016	2017	2016
Related parties	25	271,196	213,758	-	2
Other suppliers		52,096	232,804	11,904	16,691
Total		323,292	446,562	11,904	16,693

They correspond to advances for the future delivery of sugar regarding the 2017/2018 crop.

12 Brokers

It refers to the balances receivable and payable of deposited amounts related to the margin and premiums and adjustments paid or received in transactions with derivatives not settled on the Stock Exchange.

13 Deferred assets and liabilities

Deferred assets and liabilities were allocated as follows:

Consolidated	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
Intangible assets	14,974	14,974	-	-	14,974	14,974
Deferred foreign exchange rate	10,921	42,307	-	-	10,921	42,307
Provisions	33,056	14,242	-	15,827	33,056	30,069
Adjustment to fair value	56,763	-	(78,279)	-	(21,516)	-
Depreciation	-	-	(47,207)	(52,650)	(47,207)	(52,650)
Tax loss carryforwards	195,746	254,194	-	(4,696)	195,746	249,498
Fair value of inventories	-	(70,008)	(6,155)	(375)	(6,155)	(70,383)
Derivatives	21,562	12,645	-	(52,657)	21,562	(40,012)
Deemed cost	-	-	(6,554)	(6,827)	(6,554)	(6,827)
Investment hedge abroad	78,241	143,472	(1,410)	44	76,831	143,516
Other	39,477	3	(13,017)	(13,515)	26,460	(13,512)
Total	450,740	411,829	(152,622)	(114,849)	298,118	296,980

Parent company	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
Intangible assets	14,974	14,974	-	-	14,974	14,974
Deferred foreign exchange rate	12,193	42,160	-	-	12,193	42,160
Provisions	11,747	8,657	-	-	11,747	8,657
Adjustment to fair value	56,763	-	(78,247)	-	(21,484)	-
Tax loss carryforwards	192,494	246,590	-	(4,696)	192,494	241,894
Fair value of inventories	-	(70,008)	(5,821)	-	(5,821)	(70,008)
Derivatives	19,587	12,645	-	(52,657)	19,587	(40,012)
Investment hedge abroad	78,241	143,472	-	-	78,241	143,472
Other	39,478	3	-	-	39,478	3
Total	425,477	398,493	(84,068)	(57,353)	341,409	341,140

Changes in temporary differences during the year:

Consolidated	Balance at 2015	Recognized in income	Recognized in other comprehensive income	Balance at 2016	Recognized in income (loss)	Recognized in other comprehensive income	Balance at 2017
Intangible assets	14,974	-	-	14,974	-	-	14,974
Deferred foreign exchange rate	8,379	33,928	-	42,307	(31,386)	-	10,921
Provisions	18,747	11,322	-	30,069	2,987	-	33,056
Adjustment to fair value	-	-	-	-	(21,516)	-	(21,516)
Depreciation	(8,798)	(43,852)	-	(52,650)	5,443	-	(47,207)
Tax loss carryforwards	198,789	50,709	-	249,498	(53,752)	-	195,746
Fair value of inventories	(3,735)	(66,648)	-	(70,383)	64,228	-	(6,155)
Derivatives	(10,394)	(29,618)	-	(40,012)	61,574	-	21,562
Deemed cost	(7,247)	420	-	(6,827)	273	-	(6,554)
Investment hedge abroad	88,586	-	54,930	143,516	-	(66,685)	76,831
Other	(3,710)	(9,802)	-	(13,512)	39,972	-	26,460
Total	295,591	(53,541)	54,930	296,980	67,823	(66,685)	298,118

Parent company	Balance at 2015	Recognized in income	Recognized in other comprehensive income	Balance at 2016	Recognized in income (loss)	Recognized in other comprehensive income	Balance at 2017
Intangible assets	14,974	-	-	14,974	-	-	14,974
Deferred foreign exchange rate	8,655	33,505	-	42,160	(29,967)	-	12,193
Provisions	11,068	(2,411)	-	8,657	3,090	-	11,747
Adjustment to fair value	-	-	-	-	(21,484)	-	(21,484)
Tax loss carryforwards	185,839	56,055	-	241,894	(49,399)	-	192,495
Fair value of inventories	(3,735)	(66,273)	-	(70,008)	64,187	-	(5,821)
Derivatives	(10,394)	(29,618)	-	(40,012)	59,599	-	19,587
Investment hedge abroad	88,586	-	54,886	143,472	-	(65,231)	78,241
Other	-	3	-	3	39,474	-	39,477
Total	294,993	(8,739)	54,886	341,140	65,500	(65,231)	341,409

Deferred assets were recognized, since Management analyzed its estimates of future earnings and considered it probable that future taxable earnings against which these expenses can be charged will be available.

14 Investments

As of March 31, 2017, Company recorded a gain of R\$ 192,426 in the Parent company and R\$ 65,430 in the consolidated as of March 31, 2016 (loss of R\$ 231,246 in the Parent company and R\$ 67,461 in the consolidated as of March 31, 2016) arising from equity in the earnings of its associated companies, subsidiaries and joint ventures in the individual financial statements.

The chart above presents a summary of the equity income of subsidiaries, associated companies and joint ventures.

Copersucar S.A.
Financial statements
March 31, 2017

	Interest %	Number of shares	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Shareholders' equity	Income	Other income (losses)	Income or loss	Equity in net income of subsidiaries	
													Parent company	Consolidated
2017														
Companhia Auxiliar de Armazéns Gerais (a)	100.00000	2,019,843	77,932	310,082	388,014	87,655	128,187	215,842	172,172	201,684	(146,412)	55,272	55,272	-
Copersucar Armazéns Gerais (a)	99.99997	3,512,925	9,277	8,533	17,810	1,748	70	1,818	15,992	19,862	(16,045)	3,817	3,817	-
Sugar Express Transportes S.A. (a)	99.99000	49,995	-	-	-	-	-	-	-	8,260	(8,102)	158	158	-
Copersucar Trading A.V.V. (a)	100.00000	24,253,702	2,314,500	34,337	2,348,837	1,592,488	516,449	2,108,937	239,900	8,071,764	(8,008,354)	63,410	63,410	-
Copersucar North America LLC (a)	100.00000	100	1,027,431	539,417	1,566,848	648,388	760,972	1,409,360	157,488	13,391,299	(13,386,373)	4,926	4,926	-
CTC-Centro de Tecnologia Canavieira S.A. (c)	16.93155	135,769	326,970	485,988	812,958	84,859	186,589	271,448	541,510	173,472	(160,941)	12,531	1,966	1,966
Uniduto Logística S.A.)	39.07370	207,819,638	1,298	139,744	141,042	62	-	62	140,980	58	(314)	(256)	(110)	(110)
Logum Logística S.A. (b)	21.28315	1,822,713,392	384,024	2,003,888	2,387,912	1,721,434	-	1,721,434	666,478	232,653	(409,406)	(176,753)	(38,597)	(38,597)
Alvean Sugar Intermediação e Agenciamento Ltda. (b)	50.00000	100,000	7,558	633	8,191	4,158	12	4,170	4,021	16,829	(14,841)	1,988	994	994
Alvean Sugar, S.L. (b)	50.00000	764,020	4,171,905	37,479	4,209,384	2,735,186	59,240	2,794,426	1,414,958	16,060,298	(15,859,117)	201,181	100,590	100,590
Richmond Terminal, VA (b)	50.00000	-	1,952	9,290	11,242	200	-	200	11,042	1,174	-	1,174	-	587
													192,426	65,430
2016														
Companhia Auxiliar de Armazéns Gerais (a)	99.99995	2,019,842	23,965	318,801	342,766	102,392	103,597	205,989	136,777	182,392	(148,842)	33,550	33,550	-
Copersucar Armazéns Gerais (a)	99.99997	3,512,925	2,874	11,931	14,805	2,630	-	2,630	12,175	12,084	(12,910)	(826)	(826)	-
Sugar Express Transportes S.A. (a)	99.99000	49,995	9,413	2,417	11,830	1,193	13,229	14,422	(2,592)	13,744	(14,365)	(621)	(621)	-
Copersucar International N.V. (a)	100.00000	24,253,702	-	-	-	-	-	-	-	-	(228,675)	(228,675)	(228,675)	-
Copersucar Trading A.V.V. (a)	100.00000	24,253,702	1,719,958	655	1,720,613	1,544,123	-	1,544,123	176,490	7,161,002	(7,144,502)	16,500	16,500	-
Copersucar North America LLC (a)	100.00000	100	1,055,590	566,545	1,622,135	625,746	717,128	1,342,874	279,261	12,371,482	(12,354,108)	17,374	17,374	-
CTC-Centro de Tecnologia Canavieira S.A. (c)	18.51160	132,938	347,339	348,622	695,961	63,682	201,438	265,120	430,841	144,342	(141,319)	3,023	566	566
Uniduto Logística S.A.)	39.0737	118,214,502	2,615	82,465	85,080	3,068	-	3,068	82,012	9	(305)	(296)	(116)	(116)
Logum Logística S.A. (b)	22.65000	940,615,490	533,903	1,971,148	2,505,051	2,236,615	-	2,236,615	268,436	246,782	(480,930)	(234,148)	(46,830)	(46,830)
Alvean Sugar Intermediação e Agenciamento Ltda. (b)	50.00000	100,000	3,502	707	4,209	2,171	6	2,177	2,032	16,089	(14,511)	1,578	789	789
Alvean Sugar, S.L. (b)	50.00000	764,020	4,184,505	87,456	4,271,961	2,812,560	79,847	2,892,407	1,379,554	13,881,390	(13,927,304)	(45,914)	(22,957)	(22,957)
Copa Shipping (b)	50.00000	25,000	-	-	-	-	-	-	-	1,200	-	1,200	-	600
Richmond Terminal, VA (b)	50.00000	-	1,605	11,225	12,830	733	-	733	12,097	974	-	974	-	487
													(231,246)	(67,461)

- (a) Subsidiary
(b) Joint control
(c) Associated company

The table below presents the breakdown of investments:

	Consolidated		Parent company	
	2017	2016	2017	2016
Copersucar Armazéns Gerais S.A.	-	-	15,991	12,175
Companhia Auxiliar de Armazéns Gerais	-	-	172,172	136,776
Logum Logística S.A.	131,761	53,535	131,761	53,535
Uniduto Logística S.A.	59,614	37,851	59,614	37,851
CTC - Centro de Tecnologia Canavieira S.A.	93,298	77,763	93,298	77,763
Copersucar North América LLC	-	-	157,486	170,915
Copersucar Trading A.V.V.	-	-	239,900	176,490
Alvean Sugar Intermediação e Agenciamento Ltda.	2,010	1,016	2,010	1,016
Alvean Sugar, S.L.	707,480	689,780	707,480	689,780
	994,163	859,945	1,579,712	1,356,301
Other unconsolidated investments - valued at fair value:				
Other investments	8,970	7,191	133	133
	8,970	7,191	133	133
Total investments	1,003,133	867,136	1,579,845	1,356,434
Subsidiary's uncovered liability:				
Sugar Express Transporte S.A.	-	-	-	(2,593)

The investee Centro de Tecnologia Canavieira S.A., in a Board of Directors' Meeting held on December 7, 2016, decided and approved capital increase of R\$ 98,802 through issuance of 41,869 new common shares. The share of Copersucar S.A. went from 17.6751% to 16.8510%, generating gains of R\$ 10,145 recorded under caption "other income". In February 2017, the remaining shares were subscribed and ownership interest became 16.9315% on March 31, 2017.

15 Investment property

Parent company	Land	Constructions and improvements	Assets under construction	Total
Cost				
Balance at 2016	15,527	58,817	26	74,370
Transfers	-	2,060	-	2,060
Balance at 2017	15,527	60,877	26	76,430
Depreciation				
Balance at 2016	-	(4,128)	-	(4,128)
Depreciation for the year	-	(1,559)	-	(1,559)
Balance at 2017	-	(5,687)	-	(5,687)
Net book value				
In 2016	15,527	54,689	26	70,242
In 2017	15,527	55,190	26	70,743

The Parent company Copersucar S.A. has a warehouse and a tanking park which are held as investment properties through a lease to the related party Copersucar Armazéns Gerais. These leases' periods vary from two to five years, respectively. Subsequent refurbishments may occur if agreed upon between the parties. No contingent rent is charged.

The fair value estimate of this asset does not differ from the cost of acquisition.

16 Property, plant and equipment

Consolidated	Land	Constructions and improvements	Machinery and equipment	Data processing equipment	Furniture and fixtures	Vehicles	Products Guarantee	Leasehold improvements	Property, plant and equipment under construction	Total
Cost										
Balance at 2016	26,275	76,083	390,476	2,596	11,353	24,055	1,459	262,773	152,819	947,889
Foreign exchange variation	(1,179)	(3,828)	(23,238)	-	(917)	(2,562)	-	(5,246)	(2,321)	(39,291)
Additions	-	-	1,515	241	108	3,645	-	18	54,452	59,979
Disposals	-	137	(48)	(3)	(53)	(652)	-	-	(452)	(1,071)
Transfers	-	24,940	84,852	150	120	-	-	42,230	(156,918)	(4,626)
Balance at 2017	25,096	97,332	453,557	2,984	10,611	24,486	1,459	299,775	47,580	962,880
Depreciation										
Balance at 2016	-	(7,582)	(92,889)	(1,798)	(4,458)	(6,501)	-	(43,365)	-	(156,593)
Foreign exchange variation	-	478	3,268	-	377	737	-	389	-	5,249
Depreciation for the year	-	(4,611)	(26,501)	(181)	(1,545)	(2,758)	-	(13,063)	-	(48,659)
Disposals	-	(137)	(322)	2	29	235	-	-	-	(193)
Balance at 2017	-	(11,852)	(116,444)	(1,977)	(5,597)	(8,287)	-	(56,039)	-	(200,196)
Net book value										
In 2016	26,275	68,501	297,587	798	6,895	17,554	1,459	219,408	152,819	791,296
In 2017	25,096	85,480	337,113	1,007	5,014	16,199	1,459	243,736	47,580	762,684

Parent company	Machinery and equipment	Data processing equipment	Furniture and fixtures	Vehicles	Property, plant and equipment under construction	Total
Cost						
Balance at 2016	103,001	2,293	2,769	1,691	6,510	116,264
Additions	4	190	9	449	3,712	4,364
Disposals	-	(3)	(53)	(586)	(452)	(1,094)
Transfers	963	-	-	-	(7,389)	(6,426)
Balance at 2017	103,968	2,480	2,725	1,554	2,381	113,108
Depreciation						
Balance at 2016	(7,350)	(1,606)	(1,298)	(347)	-	(10,601)
Depreciation for the year	(4,778)	(113)	(199)	(135)	-	(5,225)
Disposals	-	2	29	208	-	239
Balance at 2017	(12,128)	(1,717)	(1,468)	(274)	-	(15,587)
Net book value						
In 2016	95,651	687	1,471	1,344	6,510	105,663
In 2017	91,840	763	1,257	1,280	2,381	97,521

17 Intangible assets

Consolidated	Software	Brands	Goodwill	Relationship with customers and other parties		
				parties	Total	
Cost						
Balance at 2016	51,702	7,545	207,824	56,662	323,733	
Foreign exchange variation	(1,944)	(859)	(28,734)	(6,622)	(38,159)	
Additions	1,456	-	72,468	-	73,924	
Write-offs	-	-	(55,669)	-	(55,669)	
Transfers	4,890	(21)	236	-	5,105	
Balance at 2017	56,104	6,665	196,125	50,040	308,934	
Amortizations						
Balance at 2016	(32,546)	(2,151)	-	(17,551)	(52,248)	
Foreign exchange variation	1,663	304	-	2,478	4,445	
Amortization for the year	(7,938)	(719)	-	(5,079)	(13,736)	
Transfers	-	-	-	(215)	(215)	
Balance at 2017	(38,821)	(2,566)	-	(20,367)	(61,754)	
Book value						
	<u>19,156</u>	<u>5,394</u>	<u>207,824</u>	<u>39,111</u>	<u>271,485</u>	
In 2017	<u><u>17,283</u></u>	<u><u>4,099</u></u>	<u><u>196,125</u></u>	<u><u>29,673</u></u>	<u><u>247,180</u></u>	
Parent company						
				Software	Brands	Total
Cost						
Balance at 2016				34,793	137	34,930
Additions				1	-	1
Transfers				4,366	-	4,366
Balance at 2017				<u>39,160</u>	<u>137</u>	<u>39,297</u>
Amortizations						
Balance at 2016				(18,972)	-	(18,972)
Amortization for the year				(6,862)	-	(6,862)
Balance at 2017				<u>(25,834)</u>	<u>-</u>	<u>(25,834)</u>
Net book value						
In 2016				<u>15,821</u>	<u>137</u>	<u>15,958</u>
In 2017				<u>13,326</u>	<u>137</u>	<u>13,463</u>

18 Suppliers

	Note	Consolidated		Parent company	
		2017	2016	2017	2016
Suppliers		582,486	514,105	240,373	64,141
Related parties	25	632,154	967,742	684,233	964,176
Total		1,214,640	1,481,847	924,606	1,028,317

The balances of suppliers and related parties mainly correspond to the item "Accounts payable from ethanol and sugar purchases".

In the year ended March 31, 2017 the Company performed confirming operations, whereby the suppliers transfer the right to receive securities to financial institutions in exchange for the advance receipt of the securities. The institution, in turn, becomes the creditor of the operation. There is no relevant change in the terms and conditions previously established with the suppliers, thus, the Company classifies it under the caption of suppliers. The balance payable for suppliers upon acceptance of the Company on March 31, 2017 is R\$ 139,913.

The exposure of the Company to liquidity risks related to trade accounts payable and other accounts payable, is disclosed in Note 23.

19 Loans and financing

This note provides information on the terms of interest-bearing borrowing agreements, which are measured at amortized cost. For more information on the Company's exposure to interest, foreign currency and liquidity risks, see Note 23.

Description	Currency	Index	Average annual interest rate	Year of maturity	Consolidated		Parent company	
					2017	2016	2017	2016
Export credit note	US\$	Prefixed rate	1.60%	2017	127,662	-	127,662	-
Export prepayment	US\$	Prefixed rate	1.90%	2017	127,589	178,491	-	-
Direct External Borrowing	US\$	Prefixed rate	3.73%	2017-2018	935,820	1,928,151	456,154	1,928,151
Direct External Borrowing	US\$	Pre-fixed Rate/Libor	2.71%	2017-2018	759,613	-	695,457	-
Working capital	US\$	Prefixed rate	3.09%	2018	492,964	689,953	-	-
Working capital	US\$	Pre-fixed Rate/Libor	4.14%	2018-2020	272,482	-	-	-
FINIMP - Import financing	US\$	Prefixed rate	2.28%	2017	52,466	-	52,466	-
Export credit note	R\$	CDI-CETIP	13.85% *	2017-2022	452,133	560,992	452,133	560,992
Certificate of Receivables from Agribusiness	R\$	CDI-CETIP	12.80% *	2017-2018	299,712	301,153	299,712	301,153
BNDES-FINAME	R\$	Prefixed rate	2.86%	2017-2022	26,448	46,538	43,482	46,538
BNDES-FINAME	R\$	TJLP	9.17%	2016	-	820	-	-
BNDES-FINEM	R\$	TJLP	9.05%	2017-2024	101,742	97,178	-	-
BNDES-FINEM	R\$	Prefixed rate	2.50%	2020	17,033	20,522	17,033	20,522
CDCA	R\$	CDI-CETIP	13.08%	2017-2018	510,780	-	510,780	-
Total loans and financing					<u>4,176,444</u>	<u>3,823,798</u>	<u>2,654,879</u>	<u>2,857,356</u>
Current liabilities					<u>1,853,779</u>	<u>2,243,662</u>	<u>1,633,721</u>	<u>1,995,014</u>
Non-current liabilities					<u>2,322,665</u>	<u>1,580,136</u>	<u>1,021,158</u>	<u>862,342</u>

(*) Including operation costs.

Terms and schedule of debt amortization

Terms and conditions of outstanding loans are as follows:

Consolidated	2017		2016	
	Book value	Fair value	Book value	Fair value
Export credit note	579,795	578,004	560,992	717,306
Export prepayment	127,589	126,480	178,491	190,502
Direct External Borrowing	1,695,433	1,673,520	1,928,151	1,824,843
Working capital	765,446	765,446	689,953	644,315
FINIMP - Import financing	52,466	51,653	-	-
Certificate of Receivables from Agribusiness	299,712	299,712	301,153	331,195
BNDES-FINAME	26,448	26,448	47,358	47,358
BNDES-FINEM	118,775	101,742	117,700	117,700
CDCA	510,780	510,780	-	-
Total	4,176,444	4,133,785	3,823,798	3,873,219

Parent company	2017		2016	
	Book value	Fair value	Book value	Fair value
Export credit note	579,795	578,004	560,992	717,306
Direct External Borrowing	1,151,611	1,147,807	1,928,151	1,824,843
FINIMP - Import financing	52,466	51,653	-	-
Certificate of Receivables from Agribusiness	299,712	299,712	301,153	331,195
BNDES-FINAME	43,482	43,482	46,538	46,538
BNDES-FINEM	17,033	17,033	20,522	20,522
CDCA	510,780	510,780	-	-
Total	2,654,879	2,648,471	2,857,356	2,940,404

Maturities of the principal and interest on loans and financing as of March 31, 2017

	Consolidated	Parent company
In months:		
Up to 6	584,485	576,250
6-12	1,269,294	1,057,471
12-24	1,730,253	678,496
24-60	531,196	297,933
>60	61,216	44,729
Total	4,176,444	2,654,879

The Company and its subsidiaries do not have covenants (financial covenants) in the loan and financing agreements in effect.

Guarantees

Guarantees are provided on contracting of bank credit facilities needed to maintain Parent company and subsidiaries' cash balance, however, there are guarantees received and granted to the related party. Of the amount presented above, R\$ 2,631,365 is guaranteed by the related party - Cooperativa (refer to Note 25).

The loans and financing below are secured by mortgaged property:

Borrowing company	Type of financing	Maturity	2017
Copersucar S.A.	BNDES - FINAME (in BRL)	2017	8,231
Copersucar S.A.	BNDES - FINAME (in BRL)	2018	10,888
Copersucar S.A.	BNDES - FINAME (in BRL)	2019	10,888
Copersucar S.A.	BNDES - FINAME (in BRL)	2020	10,888
Copersucar S.A.	BNDES - FINAME (in BRL)	2021	2,224
Copersucar S.A.	BNDES - FINAME (in BRL)	2022	361
Copersucar S.A.	BNDES - FINEM (in BRL)	2017	3,456
Copersucar S.A.	BNDES - FINEM (in BRL)	2018	4,526
Copersucar S.A.	BNDES - FINEM (in BRL)	2019	4,526
Copersucar S.A.	BNDES - FINEM (in BRL)	2020	4,527
			60,515

20 Tax and contributions

	Consolidated		Parent company	
	2017	2016	2017	2016
ICMS	34,367	49,681	1,441	16,185
PIS	57	20	22	7
COFINS	259	95	98	32
ISS	793	625	72	17
Other	4,645	3,619	490	600
Total current	40,121	54,040	2,123	16,841
Taxes in installments	184	321	-	-
Total non-current	184	321	-	-
Total	40,305	54,361	2,123	16,841

21 Advance from customers

	Note	Consolidated		Parent company	
		2017	2016	2017	2016
Domestic market		596	685	397	476
Foreign market		4,384	6,343	-	-
Related parties	25	1,310,656	873,163	-	-
Total		1,315,636	880,191	397	476

The aforementioned advances of the related party Alvean Sugar SL, amounting to R\$ 1,310,656 as of March 31, 2017, will be offset with the balance of sugar to be delivered by the Company.

22 Provision for contingencies

Management, based on information from its legal advisors, analyzed the outstanding legal proceedings, and in respect of tax and labor claims previous experience with regards to amounts claimed, recorded provisions for amounts considered sufficient to cover estimated losses from current lawsuits, as follows:

	Consolidated			Parent company		
	Tax	Labor	Total	Tax	Labor	Total
2015	35,540	1,034	36,574	20,985	-	20,985
Provisions made and restatements during the year	474	144	618	-	8	8
Provisions used during the year	-	(170)	(170)	-	-	-
2016	36,014	1,008	37,022	20,985	8	20,993
Provisions made and restatements during the year	461	2,180	2,641	-	161	161
Provisions used during the year	(20,985)	(717)	(21,702)	(20,985)	-	(20,985)
2017	15,490	2,471	17,961	-	169	169

In relation to the contingencies presented above, as of March 31, 2017, there are deposit in court for the Consolidated and Parent Company totaling R\$ 53,736 and R\$ 38,473, respectively (R\$ 39,422 and R\$ 25,522 as of March 31, 2016).

With respect to the thesis of exclusion of ICMS from the PIS and COFINS tax base, the Company is party to a lawsuit with deposit in court and after the decision of the Federal Supreme Court (STF), which judged constitutional such exclusion with general repercussion, the Company, in consequence, performed the write-off of the provision on March 31, 2017, in the amount of R\$ 20,985.

The Company is not a party to other contingencies for which an unfavorable outcome is regarded as possible.

23 Financial instruments

a. Classification of financial instruments and fair value

During the years ended March 31, 2017 and 2016, no reclassification of financial instruments was performed.

Fair value vs. book value

The fair values of the financial assets and liabilities, together with the book values presented in the balance sheet, are as follows:

Consolidated	Fair value hierarchy	Book value		Fair value	
		2017	2016	2017	2016
Financial instruments measured at fair value through profit or loss					
Assets					
	Level				
Cash and cash equivalents	1/Level 2	1,264,785	932,854	1,264,785	932,854
Inventories	Level 2	2,010,006	2,327,423	2,010,006	2,327,423
Brokers	Level 2	26,338	79,672	26,338	79,672
Unrealized derivative financial instruments	Level 2	572,764	323,211	572,764	323,211
Liabilities					
Brokers	Level 2	8,665	7,653	8,665	7,653
Unrealized derivative financial instruments	Level 2	328,640	656,478	328,640	656,478
Loans and receivables					
Trade accounts receivable	Level 2	694,290	774,088	694,290	774,088
Advances to suppliers	Level 2	323,292	446,562	323,292	446,562
Other accounts receivable	Level 2	73,844	74,473	73,844	74,473
Liabilities held at amortized cost					
Suppliers	Level 2	1,214,640	1,481,847	1,214,640	1,481,847
Loans and financing	Level 2	4,176,444	3,823,798	4,133,785	3,873,219
Advances from customers	Level 2	1,315,636	880,191	1,315,636	880,191
Other accounts payable	Level 2	76,884	65,881	76,884	65,881
Parent company					
	Fair value hierarchy	Book value		Fair value	
		2017	2016	2017	2016
Financial instruments measured at fair value through profit or loss					
Assets					
	Level				
Cash and cash equivalents	1/Level 2	476,215	704,929	476,215	704,929
Inventories	Level 2	859,633	1,087,272	859,633	1,087,272
Brokers	Level 2	518	-	518	-
Unrealized derivative financial instruments	Level 2	226,964	154,954	226,964	154,954
Liabilities					
Brokers	Level 2	-	38	-	38
Unrealized derivative financial instruments	Level 2	238,055	313,522	238,055	313,522
Loans and receivables					
Trade accounts receivable	Level 2	262,134	430,690	262,134	430,690
Advances to suppliers	Level 2	11,904	16,693	11,904	16,693
Other accounts receivable	Level 2	20,147	30,228	20,147	30,228

Parent company	Fair value hierarchy	Book value		Fair value	
		2017	2016	2017	2016
Granted loans - related parties	Level 2	4,600	13,399	4,600	13,399
Liabilities held at amortized cost					
Suppliers	Level 2	924,606	1,028,317	924,606	1,028,317
Loans and financing	Level 2	2,654,879	2,857,356	2,648,471	2,940,404
Advances from customers	Level 2	397	476	397	476
Other accounts payable	Level 2	22,155	9,480	22,155	9,480

The fair values are substantially equivalent to the accounting values shown on the balance sheet.

b. Fair value hierarchy

The table below provides an analysis of financial instruments that are measured at fair value after first-time recognition, grouped in Levels 1 to 2 based on the observable level of fair value. The descriptions of the hierarchies are shown in note 3.d.

c. Financial risk management

The Company is exposed to market risks, which include interest and exchange variations, prices of commodities, credit risk/counterparty, liquidity risk and operating risk. Currently, the risk management policy identifies and classifies the priorities, analyzing and monitoring them on structured basis. Capital expenditure limits are approved by the Board of Directors; all exposures are reported and measured with the appropriate frequency.

The risk management area calculates, monitors and reports on the main risks incurred by Copersucar to the business areas, the Executive Board and the Audit and Risk Management Committee; it provides the information required to define risk limits to the Audit and Risk Management Committee and the Board of Directors; and acts proactively with the business areas, carrying out risk simulations, recommending actions, in order to assist in structuring the business strategy. The Risk Management Area reports directly to the CEO, as part of the structure of the Company's corporate governance. The Committee regularly reports on its activities to the Board of Directors, which is responsible for establishing and supervising the Company's risk management framework.

The risk management policy is established to identify and analyze the risks the Company faces, to define capital limits, exposures and controls, and to monitor risks and adherence to the pre-established limits. The risk management policy and process and policy are reviewed annually or from time to time as appropriate, in order to reflect changes in market conditions and the Company's activities through training and management policies and procedures aiming at developing a disciplined and constructive control environment by means of a risk culture.

Audit and Risk Committee

The Audit and Risk Management Committee is comprised at least three (3) and maximum six (6) members, all members of the Board of Directors and/or Advisory Board or appointed by the Board of Directors for a 2-year term of office, allowing two successive terms of office.

The Audit and Risk Management Committee shall hold meetings in periodicities defined by the Board of Directors and extraordinary meetings may be convened whenever justifiable to check

and discuss the strategies that are being implemented. Any change in the Global Risk policy should be recommended by the Committee and approved by the Board of Directors.

The Committee aids Board of Directors playing an important role in Corporate Governance model adopted by the Company. Activities attributions are as follows:

- Monitor the mapping of all existing risks in the Company's business;
- Ensure compliance of the risks incurred with the Global Risk Policy;
- Recommend the adoption of actions to internally disseminate the risk sensitivity culture;
- Report to the Chairman of the Board of Directors on the non-compliance with standards and regulations assessed as high risk;
- Discuss together with the risk management area the initial premises for the risk limits to be defined, considering the definition of risk appetite and business strategy established by the Board of Directors. The following are among the premises: estimated production volume for the subsequent crop (existing members and newcomers), expectations about prices and volatilities and any other factor that could result in financial risks;
- Set risk limits and submit them, through the CEO, for analysis and approval by the Board of Directors;
- Follow up and discuss internal controls, reports, pending items and issues referring to internal and external audit work; and
- Establish the Company's internal audit plan and monitor it with the Internal Audit.

The Internal Audit is responsible for assessing misstatements and potential threats to the business based on the risk evaluation matrix of the Company, which is prepared in conjunction with the Internal Control area. It is responsible for performing analyses of financial, operating, strategic, of reputation, IT and compliance risks of the Company, and for making suggestions of improvement and the follow-up of the respective action plans.

Credit risk

In order to reduce credit risk, Copersucar adopts the practice of performing a detailed analysis of the financial position of its clients, establishing a credit limit for term sales, permanently following-up clients' debt balance. The Company's Credit Committee is composed of the commercial and financial executive officers who approve or refuse these requests of credit.

Analyses are valid for up to one year and subject mainly to three considerations: (i) quantitative analysis containing detailed assessment of the economic and financial ratios relating to indebtedness, liquidity, profitability and operational cycles shown on the balance sheets of the last three fiscal years; (ii) qualitative analysis containing the corporate structure, consultations with tax and credit rating agencies, Sintegra, Federal Revenue Service and Serasa, technical inspection report, client representation in the sector in which it operates, period of operation in the market, trade references, list of the main suppliers, list of the assets of the company and/or

partners; and (iii) analysis of guarantees, examined by the Financial and Legal areas and requested at the discretion of its management.

The Risk Management Area monitors the ratio between the credit given to customers against their volume of accounts receivable and the respective MTM value of futures contracts. This monitoring is meant to assess the credit limits available and suggest, where feasible, possible revaluations of those limits.

(i) *Trade accounts receivable*

The Company and its subsidiaries are subject to credit risk. Management seeks to mitigate credit risk using a strict credit policy, client selection, monitoring of sales financing terms per business segment, and individual credit limits; these procedures are adopted to minimize possible default risks in trade accounts receivable.

For domestic market customers, receipt period is 48 days for sugar; while for ethanol sales, 70% of clients pay within 27 days and remaining 30% pay at sight. As regards accounts receivable from foreign market, including Latin America, approximately 80% of exports proceedings pay using *Cash Against Documents*.

Maximum credit risk exposure is substantially focused on financial instruments below:

	Consolidated		Parent company	
	2017	2016	2017	2016
Demand deposits	768,808	228,199	6,042	6,746
Investment Fund	390,579	-	390,579	-
Interest earning bank deposits	105,371	704,623	79,568	698,167
Trade accounts receivable	694,290	774,088	262,134	430,690
Advances to suppliers	323,292	446,562	11,904	16,693
Brokers	26,338	79,672	518	-
Unrealized derivative financial instruments	572,764	323,211	226,964	154,954
Other accounts receivable	73,844	74,473	20,147	30,228

Interest earning bank deposit transactions are scattered into several financial institutions that are considered as prime institutions by the market.

The three most important clients of the Company are responsible for R\$ 86 thousand of receivables as of March 31, 2017 (R\$ 158 thousand as of March 31, 2016), and during these periods relevant exchanges occurred between clients.

Impairment losses

Trade accounts receivable mature as follows:

Consolidated	2017		2016	
	Gross	PECLD	Gross	PECLD
Not overdue - in days:				
0-30	643,531	-	718,821	-
31-120	40,827	-	44,213	-
>120	318	-	-	-
	10,218	(604)	12,377	(1,323)
Total	694,894	(604)	775,411	(1,323)

Parent company	2017		2016	
	Gross	PECLD	Gross	PECLD
Not overdue - in days:				
0-30	256,749	-	415,706	-
31-120	1,889	-	11,044	-
>120	318	-	-	-
	3,782	(604)	4,806	(866)
Total	262,738	(604)	431,556	(866)

The expense on the recognition of the allowance estimated for doubtful accounts (PECLD) was recorded in 'Sales expenses' in the statement of income. Whenever provisioned amounts are not expected to be recovered, the amount in this caption is realized against the definite write-off of the receivable, and this provision becomes tax deductible.

Liquidity risk

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

We present below the contractual maturities of financial liabilities including payment of estimated interest and excluding, the impact of the negotiation agreements of currencies by the net position.

Consolidated	Contractual cash flow	6 / < months	6-12 months	1-2 years	2-5 years	>5 years
2017						
Suppliers	1,214,640	1,214,640	-	-	-	-
Loans and financing	4,176,444	584,485	1,269,294	1,730,253	531,196	61,216
Advance from customers	1,315,636	1,315,636	-	-	-	-
Unrealized derivative financial instruments:						
- NDF	174,264	-	174,264	-	-	-
- Swap	75,385	3,039	67,069	5,277	-	-
- Commodity future	78,991	-	78,544	447	-	-
Other accounts payable	76,884	75,715	-	1,169	-	-
2016						
Suppliers	1,481,847	1,481,847	-	-	-	-
Loans and financing	3,823,798	356,680	1,886,982	431,614	1,028,635	119,887
Advance from customers	880,191	880,191	-	-	-	-
Unrealized derivative financial instruments:						
- NDF	252,263	252,263	-	-	-	-
- Swap	108,797	79,439	29,358	-	-	-
- Commodity future	295,418	295,418	-	-	-	-
Other accounts payable	65,881	59,012	-	6,869	-	-

Parent company	Contractual cash flow	6 / < months	6-12 months	1-2 years	2-5 years	>5 years
2017						
Suppliers	924,606	924,606	-	-	-	-
Loans and financing	2,654,879	576,250	1,057,471	678,496	297,933	44,729
Advance from customers	397	397	-	-	-	-
Unrealized derivative financial instruments:						
- NDF	173,742	-	173,742	-	-	-
- Swap	69,577	3,039	61,260	5,277	-	-
- Commodity future	14	-	14	-	-	-
Other accounts payable	22,155	22,155	-	-	-	-
2016						
Suppliers	1,028,317	1,028,317	-	-	-	-
Loans and financing	2,857,356	294,028	1,700,986	418,244	354,098	90,000
Advance from customers	476	476	-	-	-	-
Unrealized derivative financial instruments:						
- NDF	196,374	196,374	-	-	-	-
- Swap	108,797	79,439	29,358	-	-	-
Other accounts payable	9,480	9,480	-	-	-	-

Market risk

Market risk represents the likelihood of financial losses to which the Company is exposed, resulting from variations on market prices and/or rates, whether commodity prices, foreign exchange rates and interest rates (domestic or foreign). The purpose of market risk management is to control and monitor all exposures to these risks so that they remain within acceptable parameters defined by the Board of Directors.

The Company buys and sells derivatives to hedge its exposures and also complies with financial obligations to manage market risks properly. All these actions are conducted according to guidelines established in Company's Global Risk Policy that it is established by the Audit and Risk Committee and approved by the Board of Directors.

(i) Foreign exchange risk

The Company is subject to foreign exchange risk deriving from differences between currency in which sales, purchases, loans and investments are denominated and the Company's respective functional currency; in this case, Brazilian Real.

The Company uses Over-the-counter Contracts to hedge against currency risk. When necessary, these contracts are renewed on maturity.

Monetary assets and liabilities denominated in foreign currency are managed by their net exposure, through purchase and sale of foreign currency at demand or future rates (forwards), when necessary, substantially for short-term exposures.

Amounts of the Company's main bank loans in Dollar are hedged using swap contracts, over-the-counter contracts or are offset against assets indexed at the same currency.

Interest on loans is denominated in the loan's currency. In general, loans are denominated in currencies equal to the cash flows generated by the Company basic operations, mainly in USD.

Exposure to this type of risk is continuously adjusted along with the Company's normal course of business. Therefore, management of this exposure is a dynamic process conducted through derivative contracts, aiming at carrying out hedge adjustments according to the new need. The use of these derivative contracts is defined every year, at the risk limit pre-established by the Board of Directors and monitored by Company's executives and Audit and Risk Committee.

a. Investment hedge abroad

The Company uses financial instruments (NDF - Non-Deliverable Forward) to hedge against foreign exchange variation on investments in its Subsidiary in Spain - Alvean and Copersucar North America, whose functional currency is the Dollar.

b. Cash flow hedge

The subsidiary *Companhia Auxiliar de Armazéns Gerais* has cash flow hedges to protect against currency variation exposure of the contract signed with Alvean Sugar S.L.

Foreign currency exposure

The Company's foreign currency exposure is substantially linked to US dollar (USD) variation on the following base dates:

Consolidated	2017	2016
Assets		
Cash and cash equivalents	762,533	221,363
Trade accounts receivable	282,079	309,705
Inventories	1,586,549	1,641,898
Advances to suppliers	7,344	180,293
Brokers	25,824	79,673
Unrealized derivative financial instruments	340,426	168,256
Current taxes	-	26,723
Other accounts receivable	129,740	46,439
Investments	870,677	696,035
Property, plant and equipment	294,178	303,851
Intangible assets	232,612	254,657
Liabilities		
Suppliers	(396,634)	(511,486)
Loans and financing	(2,768,596)	(2,796,595)
Advance from customers	(1,375,459)	(880,244)
Social charges and payroll	(2,148)	(2,039)
Brokers	(36,795)	(36,034)
Unrealized derivative financial instruments	(8,665)	(7,615)
Deferred tax liabilities	(78,530)	(342,828)
Other accounts payable	(40,558)	(44,449)
	<u>(51,316)</u>	<u>(46,798)</u>
Gross exposure of the shareholders' equity	<u>(226,739)</u>	<u>(739,195)</u>
Notional derivatives contracted to hedge against the foreign exchange risk	<u>19,847</u>	<u>676,886</u>
Net exposure	<u><u>(206,892)</u></u>	<u><u>(62,309)</u></u>

Parent company	2017	2016
Assets		
Trade accounts receivable	12,896	16,151
Inventories	289,045	284,596
Investments	864,966	689,778
Liabilities		
Suppliers	(192,794)	(22)
Loans and financing	<u>(1,331,739)</u>	<u>(1,928,151)</u>
Gross exposure of the shareholders' equity	<u>(357,626)</u>	<u>(937,648)</u>
Notional derivatives contracted to hedge against the foreign exchange risk	<u>26,740</u>	<u>594,604</u>
Net exposure	<u>(330,886)</u>	<u>(343,044)</u>

The Company's foreign exchange exposure refers basically to book balances referring to subsidiary Copersucar Trading operation.

Amounts below comprise the Notional balance presented above:

Description	Maturity	Consolidated		Parent company	
		2017	2016	2017	2016
Foreign exchange NDF (Investment and Merchandise)	2017-2018	(1,173,056)	(1,238,988)	(1,142,400)	(1,321,271)
Foreign exchange swap	2017-2018	<u>1,192,903</u>	<u>1,915,874</u>	<u>1,169,140</u>	<u>1,915,875</u>
Total		<u>19,847</u>	<u>676,886</u>	<u>26,740</u>	<u>594,604</u>

Foreign exchange sensitivity analysis

The Company adopted three scenarios for the sensitivity analysis, being one of them the probable scenario presented below, and two other scenarios that may present the impairment of the Company's financial instruments' fair values.

Probable scenario was internally defined by Market Intelligence area and represents the Company's expectations on this indicator variation over the following 12 months. Possible and remote scenarios are those proposed by CPC.

Methodology used was the fair value recalculation with each scenario focused on market rate on March 31, 2017 less amounts already recognized, and calculation of income value by which the Company would be affected according to each scenario. The analysis considers that all the remaining variables, especially interest rates, are kept constant.

Exchange risk	Scenarios		
	Probable	Possible	Remote
Scenarios and price levels	3.3645% (3.2750 BRL/USD)	25% (3.9605 BRL/USD)	50% (4.7526 BRL/USD)
Assets	152,477	1,132,990	2,265,980
Liabilities	(160,105)	(1,189,675)	(2,379,349)
Derivatives	<u>668</u>	<u>4,962</u>	<u>9,924</u>
Total effects	<u>(6,960)</u>	<u>(51,723)</u>	<u>(103,445)</u>

Brazilian Real appreciation against currencies above, on March 31, 2017, would have the same effect in terms of module, but with the opposite result on currencies presented above, considering that all other variables would remain constant.

(i) **Commodity price risk**

The Company maintains commodity derivatives to minimize income fluctuation caused by recognition of assets and liabilities, and rights and obligations at fair value, evaluated according to commodities' quotation disclosed by (ICE, NYBOT, OPIS, PLATTS and LIFFE) intercontinental exchange and CEPEA/ESALQ indices.

Exposure to this type of risk is continuously adjusted along with the Company's normal course of business. Therefore, management of this exposure is a dynamic process conducted through derivative contracts, aiming at carrying out hedge adjustments according to the new need.

Sugar and ethanol are traded in domestic and foreign markets and sugar sale price is formed by *Sugar #11/ICE* sugar price of the New York Stock Exchange and ethanol by CEPEA/ESALQ indicator. This becomes them the main portfolio risk factors. Net exposure of sugar purchases and sales is managed and hedged with the use of *Sugar #11/ICE* derivative financial instruments (future or over-the-counter) referred to the same stock exchange. With respect to ethanol, due to lack of net derivative financial instruments for hedging purposes, its exposure is managed/monitored so as to restrict its exposure to the risk of price variation. Monitoring of exposure and exposure is carried out through limits pre-established by the Board of Directors.

Gains or losses originated from these hedge instruments are recorded in income for the year.

To minimize the risk and the effects of volatility of commodity price changes, mainly related to ethanol, natural gas and other commodities, the subsidiary Eco-Energy uses various derivative financial instruments, including exchange-traded futures, traded in stock exchange or over the counter, swaps and options contracts. Eco-Energy monitors and manages this exposure according to global risk management policy. As such, the Company seeks to reduce potentially adverse effects that the volatility of these markets may have on its operating results. Eco-Energy can take positions in relation to these products as a way to mitigate possible operating losses.

Commodity risk

Consolidated	Volume		Notional	
	2017	2016	2017	2016
Forward contracts				
Long position				
Goods				
Sugar (tons)	125,137	125,929	(132,698)	17,151
Ethanol (m3)	3,222,831	3,353,266	4,212,075	4,499,475
Corn (m ³)	322,580	404,418	287,438	477,068
RIN/LCFS (credit unit)	31,722	35,409	76,587	87,590
Natural gas (mmbtu)	80,958	55,450	540,636	346,418
Derivatives - swap (m3)	300	5,247	61	7,567
Total			4,984,099	5,435,269

	Volume		Notional	
	2017	2016	2017	2016
Future contracts (Forward)				
Short position				
Goods				
Sugar (ton)	(33,316)	(100,995)	26,580	(104,069)
Ethanol (m3)	(3,884,968)	(4,003,474)	(5,302,321)	(5,474,961)
Gasoline (m3)	(15,740)	(59,620)	(21,358)	(5,078)
Corn (m ³)	(189,201)	(404,418)	(199,767)	(479,419)
RIN/LCFS (credit unit)	(56,765)	(35,981)	(193,380)	(129,452)
Natural gas (mmbtu)	(63,543)	(40,015)	(616,895)	(254,236)
Derivatives - swap (m3)	(12,160)	-	(5,197)	-
Total			(6,312,338)	(6,447,215)

The Company uses basically two categories of price instruments to control commodities' exposure:

- a. Future derivative contracts negotiated directly by the Company in Stock Exchange (ICE/NYBOT) or over-the-counter with prime financial institutions, including NDF (*Non-Deliverable Forward*). Although the policy allows to operate with other financial instruments, considering certain restrictions, the Company does not currently have them in portfolio.
- b. Forward contracts traded directly with clients and suppliers.

Fair value of futures and options derivative contracts in stock exchange is equivalent to market value for reversal of such positions. Transactions conducted in stock exchange environment need to have initial margins available and adjustments are made on a daily basis.

For over-the-counter contracts, measurement at fair value is given by the difference between prices fixed on contracting and their respective market values, through public information. This measurement follows usual market models and is monthly calculated both by the Company and by banks that intermediate transactions. For these contracts, margin calls are not needed. The impact on the Company's cash flow only occurs on the settlement date of the contracts.

Measurement at fair value of forward contracts with clients and suppliers is carried out based on the difference between fixed purchase or sale price and market price on base date. To determine market prices, the same setting indicators are used, that is Sugar #11/ICE quotations in case of sugar contracts. For each future contract of AA (*Against Actuals*), SEO (*Seller Execution Order*) and BEO (*Buyer Execution Order*) types, there is a physical contract with the same price and volume variables.

The methodology of the calculation of fair value adopts quotations of contract no. 11 of ICE FUTURES Intercontinental Exchange of New York as pricing basis to define indicators, according to weighing based on percentage pre-attributed to reference screen.

Balances for the Supply Agreement with the Cooperativa are included in forward contracts (see note 25) as well as balances of foreign and domestic market sales. These volumes represent contract portion whose price is already defined according to CEPEA methodology. The

calculation also considers the pure change assumptions for FOB prices and freight and lifting costs are adjusted at price CEPEA/ESALQ Raw Sugar index.

Sensitivity analysis for commodity risk

The Company adopted three scenarios for the sensitivity analysis, being one of them the probable scenario presented below, and two other scenarios that may present the impairment of the Company's financial instruments' fair values.

Probable scenario was internally defined by Market Intelligence area and represents the Company's expectations on this indicator variation over the following 12 months. The scenarios: Possible and Remote scenarios are those proposed by CVM Instruction no. 475/08.

Used methodology was to recalculate fair value with the variation of each scenario on market rate as of March 31, 2017.

	<u>Scenarios</u>		
	Probable	Possible	Remote
Commodities price risk			
Scenarios and price levels	5.9%	-25%	-50%
Non-derivative	40,929	(173,225)	(346,450)
Derivatives	<u>(6,834)</u>	<u>18,647</u>	<u>39,258</u>
Total effects	<u>34,095</u>	<u>(154,578)</u>	<u>(307,192)</u>

Due to this commodity (sugar) quotation behavior seasonality, this scenario is subject to variations during the year/crop.

(i) ***Interest rate risk***

The Company's debt is linked to fixed and floating rates, therefore, it is exposed to interest rate fluctuations. CDI exposure risk is partially offset by financial investments.

The purpose of managing the Company's total financial cost is to make its financial costs be in line with those practiced in the market, considering entities of similar size.

Fixed rate instruments

The Company does not record any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in the interest rates on the reporting date would not change income (loss).

Variable rate instruments

	<u>Consolidated</u>		<u>Parent company</u>	
	2017	2016	2017	2016
Financial assets	494,374	718,412	472,058	698,067
Financial liabilities	(2,396,462)	(960,143)	(1,958,082)	(862,145)

The Company does not carry out sensitivity analysis for financial instruments linked to variable interest rates because it considers that they are partially mitigated by financial assets.

Gains (losses) with unrealized derivative financial instruments

Summary of gains (losses) recorded on March 31, 2017 and 2016 that affected balance sheet, and amounts that affected the Company's accumulated income on those dates:

Consolidated	2017			2016		
	Effects on the balance sheet		Effects on income (loss)	Effects on the balance sheet		Effects on income (loss)
	Assets	Liabilities		Assets	Liabilities	
<i>Commodities</i>	396,568	78,991	634,895	135,213	295,418	(658,739)
	396,568	78,991	634,895	135,213	295,418	(658,739)
<i>Non-deliverable forwards</i>	161,175	174,264	(10,887)	61,715	252,263	141,794
<i>SWAP</i>	15,021	75,385	77,415	126,283	108,797	43,571
	176,196	249,649	66,528	187,998	361,060	185,365
Total	572,764	328,640		323,211	656,478	
Current	565,128	322,916		309,310	656,478	
Non-current	7,636	5,724		13,901	-	
Parent company	2017			2016		
	Effects on the balance sheet		Effects on income (loss)	Effects on the balance sheet		Effects on income (loss)
	Assets	Liabilities		Assets	Liabilities	
<i>Commodities</i>	56,142	14	53,846	10,714	8,351	2,144
	56,142	14	53,846	10,714	8,351	2,144
<i>Non-deliverable forwards</i>	161,175	173,742	(110,404)	17,958	196,374	87,111
<i>SWAP</i>	9,647	69,577	77,415	126,282	108,797	43,571
	170,822	243,319	(32,989)	144,240	305,171	130,682
Total	226,964	243,332		154,954	313,522	
Current	224,702	238,055		141,053	313,522	
Non-current	2,262	5,277		13,901	-	

Operating risk

Operating risk is the risk of direct or indirect losses arising from different causes related to the Company's business processes, personnel, technology and infrastructure and external factors, except credit, market and liquidity risks, as those arising from legal and regulatory requirements and from generally accepted corporate behavior standards.

The purpose of the Company is to monitor possible operating risks and mitigate financial losses and damages to reputation and business continuity, thus seeking cost effectiveness and avoiding non-effective control procedures.

Capital management

Management's policy is to maintain capital basis sufficient to maintain investor, creditor and market trust. The main objective is future development of business.

The Company operates with several financial instruments, as follows: interest earning bank deposits, trade accounts receivable, trade accounts payable and loans and financing. Transactions with derivative financial instruments contracted to hedge against market volatility, as well as forward merchandise purchase and sale transactions with Cooperativa, are also part of financial instruments' portfolio. The following hedge instruments are used for this purpose: foreign exchange swap, transactions with NDF - Non-Deliverable Forwards, futures and options of commodities and currency.

24 Contractual commitments

Sales

Considering that the Company operates mainly in the commodities market, sales are substantially made at the sales date price. However, most contracts are short-term contracts. As of March 31, 2017, sugar contracted volume is 4,045 thousand tons (4,282 thousand tons on March 31, 2016) and ethanol contracted volume is 2,969 thousand m³ as of March 31, 2017 (2,852 thousand m³ on March 31, 2016).

Purchasing

In accordance with the contract entered into by the Company and its related party - Cooperativa, committed purchase volumes on March 31, 2017 were 4,513 thousand tons of sugar (4,256 thousand tons as of March 31, 2016) and 3,830 thousand m³ of ethanol (4,411 thousand m³ as of March 31, 2016).

Logistics

The Company has strategic partnerships for the provision of railroad transportation services with the following suppliers:

América Latina Logística - ALL

- Provision of sugar transportation services in wagons of ALL railroad to Santos Port terminal (São Paulo State - SP), maturing in 2028.
- Ethanol transportation through ALL railroads with destination indicated by Copersucar. This contract effectiveness follows ALL railroad concessions.

Ferrovias Centro Atlântica - FCA.

- Transportation from Ribeirão Preto (SP) terminal to Santos Port (SP) terminal, effective until 2026.

25 Related parties

Parent company and part of the final Parent company

The Company's final parent companies are the following groups:

Shareholders - Group	Number of common shares	Quantity of preferred shares	Total shares	% Interest
Virgolino Oliveira	136,537,290	2	136,537,292	11.0572
Zilor	136,470,950	3	136,470,953	11.0517
Pedra	123,865,949	1	123,865,950	10.0310
Cocal	94,710,202	1	94,710,203	7.6699
Santa Adélia	83,767,543	2	83,767,545	6.7837
Ipiranga	75,368,459	2	75,368,461	6.1035
Viralcool	70,948,322	2	70,948,324	5.7456
Balbo	67,984,431	3	67,984,434	5.5055
Aralco	50,081,567	4	50,081,571	4.0557
São Manoel	47,651,412	1	47,651,413	3.8589
São J. da Estiva	42,337,360	1	42,337,361	3.4286
Ferrari	37,883,193	1	37,883,194	3.0679
Cerradão	31,877,660	1	31,877,661	2.5815
Pitangueiras	31,144,060	1	31,144,061	2.5221
Furlan	30,894,483	1	30,894,484	2.5019
Improvements	30,552,666	2	30,552,668	2.4742
São Luiz	28,837,064	1	28,837,065	2.3353
Umoe Bioenergy	26,767,961	1	26,767,962	2.1677
Jacarezinho	25,569,993	1	25,569,994	2.0707
Caçu	21,413,164	1	21,413,165	1.7341
Santa Maria	17,824,972	1	17,824,973	1.4435
Santa Lucia	15,863,888	1	15,863,889	1.2847
Decal - Rio Verde	5,980,744	1	5,980,745	0.4843
Other	501,150	2	501,152	0.0405
	1,234,834,483	37	1,234,834,520	100.0000

Remuneration of key management personnel

The Company's key personnel are the president of the Board of Directors, the Executive president and officers of the following areas: Operations, Financial, Controllershship and Relations with Plants, Legal and Governance, Human Resources and Strategic Management and Participations.

Remuneration of key management personnel includes:

	Consolidated		Parent company	
	2017	2016	2017	2016
Short-term employee benefits (a)	9,409	7,780	9,409	7,780
Post-employment benefits	2,083	1,214	2,083	1,214
Total	11,492	8,994	11,492	8,994

(a) Includes salaries, remuneration and short and long-term and post-employment benefits.

Other related party balances

		<u>Consolidated</u>		<u>Parent company</u>	
	Note	2017	2016	2017	2016
Current assets					
Accounts receivable					
Cooperativa		4,374	18,528	3,708	17,979
Companhia Auxiliar de Armazéns Gerais		-	-	579	11,600
Copersucar Trading A.V.V.		-	-	12,896	15,204
Alvean Sugar Intermediação e Agenciamento Ltda.		182	163	182	163
Alvean Sugar S.L.		26,575	8,784	-	79
Copersucar Armazéns Gerais S.A.		-	-	272	270
Total	8	<u>31,131</u>	<u>27,475</u>	<u>17,637</u>	<u>45,295</u>
Dividends receivable					
Companhia Auxiliar de Armazéns Gerais		-	-	13,765	8,387
Total		<u>-</u>	<u>-</u>	<u>13,765</u>	<u>8,387</u>
Advances to suppliers					
Companhia Auxiliar de Armazéns Gerais		-	-	-	2
Cooperativa		271,196	213,758	-	-
Total	11	<u>271,196</u>	<u>213,758</u>	<u>-</u>	<u>2</u>
Non-current assets					
Granted loans and others					
Companhia Auxiliar de Armazéns Gerais		-	-	-	162
Sugar Express Transportes S.A.		-	-	4,600	13,237
Total		<u>-</u>	<u>-</u>	<u>4,600</u>	<u>13,399</u>
Current liabilities					
Suppliers					
Cooperativa		630,708	964,176	630,708	964,176
Copersucar Trading A.V.V.		-	-	52,972	-
Copersucar Armazéns Gerais S.A.		-	-	553	-
Alvean Sugar S.L.		1,446	3,566	-	-
Total	18	<u>632,154</u>	<u>967,742</u>	<u>684,233</u>	<u>964,176</u>
Advance from customers					
Alvean Sugar S.L.	21	<u>1,310,656</u>	<u>873,163</u>	<u>-</u>	<u>-</u>

Other related party transactions

	Consolidated		Parent company	
	2017	2016	2017	2016
Value of the transaction for the year				
Sale of products				
Copersucar Trading A.V.V.	-	-	106,469	51,509
Alvean Sugar S.L.	<u>3,360,550</u>	<u>3,155,226</u>	<u>30,267</u>	<u>23,343</u>
Total	<u>3,360,550</u>	<u>3,155,226</u>	<u>136,736</u>	<u>74,852</u>
Sale of services				
Cooperativa	8,227	6,830	-	-
Alvean Sugar Intermediação e Agenciamento Ltda.	2,153	1,871	2,153	1,871
Alvean Sugar S.L.	<u>91,815</u>	<u>143,028</u>	<u>40,645</u>	<u>8,166</u>
Total	<u>102,195</u>	<u>151,729</u>	<u>42,798</u>	<u>10,037</u>
Product acquisition				
Copersucar Trading A.V.V.	-	-	(298,760)	(41,659)
Cooperativa	(12,378,998)	(10,817,949)	(8,003,523)	(7,602,321)
Alvean Sugar S.L.	<u>(2,282,985)</u>	<u>(1,787,793)</u>	<u>-</u>	<u>-</u>
Total	<u>(14,661,983)</u>	<u>(12,605,742)</u>	<u>(8,302,283)</u>	<u>(7,643,980)</u>
Acquisition of Services				
Copersucar Armazéns Gerais S.A.	-	-	(7,982)	(4,220)
Total	<u>-</u>	<u>-</u>	<u>(7,982)</u>	<u>(4,220)</u>
Financial - Interest receivable				
Companhia Auxiliar de Armazéns Gerais	-	-	-	(5,997)
Sugar Express Transportes S.A.	<u>-</u>	<u>-</u>	<u>1,252</u>	<u>(1,615)</u>
Total	<u>-</u>	<u>-</u>	<u>1,252</u>	<u>(7,612)</u>

Related-party transactions are transactions carried out between the Parent company and its direct and indirect subsidiaries or other related parties (Cooperativa) and refer basically to:

- **Sale/Acquisition of assets and services** - Products (sugar and ethanol) purchase and sale transactions and port services traded in accordance with contract entered into by the parties, at conditions similar to those agreed on with third parties, considering volumes, involved risks and corporate policies.
- **Asset values** - Sale of products and services; rent of properties; and onlending of shared expenses.
- **Liability values** - Purchase of products and services.

Supply contract with Cooperativa

The Company has an exclusivity agreement over a period of three years, renewed at each year/crop.

Guarantee of products supply is linked to continuity of contract with Cooperativa. The contract also guarantees access to certain facilities that are essential to carry out the Company's business, such as those intended for storage of ethanol and sugar deriving from Cooperativa and associated plants. Prices practiced in this contract are related to CEPEA/ESALQ index.

Pursuant to the contract, guarantors of sugar and ethanol sale transactions are plants associated to Cooperativa.

Sugar supply contract for Alvean Sugar SL

The Company has a sugar supply contract through its subsidiary Copersucar Trading AVV with Alvean Sugar SL that is effective beginning as of October 2014, with no defined end date.

The purpose of this contract is to guarantee supply of sugar by Copersucar Trading AVV to Alvean Sugar SL; according to this contract, the parties agreed that Copersucar Trading AVV is committed to selling exclusively to Alvean, and to purchasing 100% of production in each crop year. Prices practiced in this contract are related to CEPEA/ESALQ index (equivalent to Dollars).

Guarantees or collateral signatures received from related parties

Loans and financing listed below are collateralized by related party Cooperativa:

Borrowing company	Type of financing	Maturity	2017	
Companhia Auxiliar de Armazéns Gerais	Direct External Borrowing (in US\$)	2017	24,405	(1)
Copersucar S.A.	Direct External Borrowing (in US\$)	2017	149,164	(2)
Copersucar S.A.	Direct External Borrowing (in US\$)	2018	441,540	(2)
Copersucar S.A.	Direct External Borrowing (in US\$)	2017	210,608	(1)
Copersucar S.A.	Direct External Borrowing (in US\$)	2018	32,092	(1)
Copersucar S.A.	Direct External Borrowing (in US\$)	2017	318,207	(3)
Copersucar S.A.	NCE (exp. cred. notes) (USD)	2017	127,662	(4)
Copersucar S.A.	BNDES-CDCA (in BRL)	2017	409,546	(5)
Copersucar S.A.	BNDES-CDCA (in BRL)	2018	101,226	(6)
Copersucar S.A.	Certificate of Receivables from Agribusiness (in Reais)	2018	301,285	(7)
Copersucar S.A.	Export credit notes (BRL)	2018	95,116	(7)
Copersucar S.A.	Export credit notes (BRL)	2019	90,000	(7)
Copersucar S.A.	Export credit notes (BRL)	2020	90,000	(7)
Copersucar S.A.	Export credit notes (BRL)	2021	90,000	(7)
Copersucar S.A.	Export credit notes (BRL)	2022	90,000	(7)
Copersucar S.A.	BNDES - FINAME (in BRL)	2017	8,231	(8)
Copersucar S.A.	BNDES - FINAME (in BRL)	2018	10,888	(8)
Copersucar S.A.	BNDES - FINAME (in BRL)	2019	10,888	(8)
Copersucar S.A.	BNDES - FINAME (in BRL)	2020	10,888	(8)
Copersucar S.A.	BNDES - FINAME (in BRL)	2021	2,224	(8)
Copersucar S.A.	BNDES - FINAME (in BRL)	2022	361	(8)
Copersucar S.A.	BNDES - FINEM (in BRL)	2017	3,456	(9)
Copersucar S.A.	BNDES - FINEM (in BRL)	2018	4,526	(9)
Copersucar S.A.	BNDES - FINEM (in BRL)	2019	4,526	(9)
Copersucar S.A.	BNDES - FINEM (in BRL)	2020	4,526	(9)
			2,631,365	

- (1) Promissory note (120%) and Cooperativa as Guarantor Guarantee by the Cooperativa/Copersucar S.A.
(2) Guarantee by Cooperativa with promissory note.
(3) Promissory note (120%) and Cooperativa as Guarantor
(4) Cooperativa as Guarantor

- (5) CPR (Rural Product Bill) issued by the Cooperativa as a guarantee.
 (6) Cooperativa collateral and CPR (Rural Product Bill) issued by the Cooperativa as a guarantee.
 (7) Cooperativa collateral
 (8) Mortgage and 2nd degree mortgage of the property located in Paulinia/SP
 (9) Mortgage

Loans and financing listed below are collateralized by related party Copersucar S/A:

Borrowing company	Type of financing	Maturity	2017
Copersucar North América	Working capital (in USD)	2018	79,210 (1)
Copersucar North América	Working capital (in USD)	2020	193,272 (1)
Copersucar S.A.	FINIMP - Import financing (in USD)	2017	52,466 (2)
Copersucar Trading AVV	Direct External Borrowing (in US\$)	2018	455,261 (3)
Copersucar Trading AVV	Direct External Borrowing (in US\$)	2018	64,157 (4)
Copersucar Trading AVV	Export prepayments (in USD)	2017	127,589 (3)
Eco-Energy Global Biofuels, LLC	Working capital (in USD)	2018	<u>492,964 (1)</u>
			<u>1,464,919</u>

- (1) Collateral - Cooperativa and Copersucar S.A.
 (2) Promissory note Copersucar S.A. and guarantee of the Cooperativa.
 (3) Guarantee by Copersucar S.A. with promissory note.
 (4) Promissory note (100%) Copersucar S.A. and Cooperativa as guarantor (cross guarantee).

26 Shareholders' equity

The Company's paid-in capital is R\$180,300,590 on March 31, 2017 and 2016, represented by 1,234,834,520 shares, being 1,234,834,483 common shares and 37 preferred shares, all of them nominative, registered and with no par value.

The Company is authorized to increase its capital according to decision of the Board of Directors, regardless of statutory reform, up to the limit of R\$ 2,500,000,000.

Legal reserve

In compliance with article 193 of Law No. 6.404/76, the reserve is recorded at the rate of 5% of the adjusted net revenue for the year, up to the limit of 20% of the capital.

Revaluation reserve

The reserve for revaluation reserve includes:

- adjustments for the adoption of deemed cost of fixed assets on the transition date;
- accumulated translation adjustment included all foreign currency differences deriving from the translation of financial statements of foreign operations;
- Investment hedge abroad adjustment as described in Note 23 (item i a); and
- Cash flow hedge adjustment as described in Note 23 (item i b).

The amounts recorded in revaluation reserve are reclassified to the result for the year wholly or partially, through asset impairment to which they refer.

Proposal for allocation of income (loss) for the year 2017

Net revenue for the year attributed to controlling shareholders	254,433
- Legal reserve (5%)	(12,722)
- Minimum mandatory dividends (1%)	(2,417)
- Investment reserve	(239,294)

27 Operating income

	Consolidated		Parent company	
	2017	2016	2017	2016
Sales of products				
Sugar	8,765,312	7,155,973	2,172,458	1,800,156
Ethanol	18,526,868	18,487,147	5,867,093	5,949,793
Gasoline	(5,737)	42,181	-	-
Corn	(10,168)	(7,060)	-	-
RIN_LCFS (registration of renewable fuel)	565,899	273,477	-	-
Realized derivative financial instrument	(11,356)	20,655	6,113	1,307
Rendering of services	439,075	351,633	233,499	150,422
Total	<u>28,269,893</u>	<u>26,324,006</u>	<u>8,279,163</u>	<u>7,901,678</u>

We present below the reconciliation between gross income and income presented in the statement of income for the year:

	Consolidated		Parent company	
	2017	2016	2017	2016
Tax gross income	29,214,412	27,381,037	9,195,043	8,966,727
Less:				
Sales tax	(888,776)	(1,039,100)	(888,764)	(1,039,072)
Services taxes	(31,968)	(24,891)	(20,810)	(13,590)
Returns/rebates	(12,419)	(13,695)	(12,419)	(13,694)
	<u>28,281,249</u>	<u>26,303,351</u>	<u>8,273,050</u>	<u>7,900,371</u>
Realized derivative financial instrument	(11,356)	20,655	6,113	1,307
Total	<u>28,269,893</u>	<u>26,324,006</u>	<u>8,279,163</u>	<u>7,901,678</u>

In the year ended March 31, 2017 the Company reclassified from the financial income (loss) to unrealized derivative financial instrument (allocated to gross income) gain of R\$ 153,875 (loss of R\$ 140,275 on March 31, 2016) related to exchange variations concerning hedge of commodity prices.

28 Net financial income (loss)

	Consolidated		Parent company	
	2017	2016	2017	2016
Financial income				
Asset interest	82,660	50,323	76,181	54,946
Asset foreign exchange fluctuation	824,369	1,459,179	213,864	427,311
Transactions with derivative asset	110,255	448,110	444,619	323,741
Other financial income	23	609	23	74
	1,017,307	1,958,221	734,687	806,072
Financial expenses				
Liability interest	(264,143)	(249,077)	(210,968)	(199,202)
Liability foreign exchange fluctuations	(457,586)	(1,711,836)	-	(580,858)
Transactions with derivative liabilities	(559,340)	(255,811)	(735,140)	(240,067)
Other financial expenses	(19,486)	(18,356)	(16,540)	(13,231)
	(1,300,555)	(2,235,080)	(962,648)	(1,033,358)
Total net financial income	(283,248)	(276,859)	(227,961)	(227,286)

A substantial portion of amounts presented in captions Asset and liability foreign exchange fluctuation is related to the Company's hedging policies; their respective hedged contra-entries are presented in Net revenue from sales and Selling Costs, following prevailing accounting policies.

29 Expenses per type

	Consolidated		Parent company	
	2017	2016	2017	2016
Cost of products, except freights, transshipment and storage	(27,489,847)	(25,133,327)	(7,714,986)	(7,425,678)
Change in inventories' fair values	(356,384)	387,273	(188,788)	194,921
Depreciation and amortization	(58,124)	(42,937)	(13,648)	(11,959)
Personnel expenses	(213,857)	(164,451)	(89,290)	(66,187)
Freights, transshipment, warehousing and shipping expenses	(92,205)	(92,241)	(23,050)	(16,040)
Other expenses	(189,219)	(130,780)	(47,841)	(45,690)
Total	(28,399,636)	(25,176,463)	(8,077,603)	(7,370,633)
Classified as:				
Cost of sales	(28,048,458)	(24,836,635)	(7,903,864)	(7,230,754)
- Administrative	(226,397)	(216,968)	(124,502)	(98,219)
- Sales	(124,781)	(122,860)	(49,237)	(41,660)
Total	(28,399,636)	(25,176,463)	(8,077,603)	(7,370,633)

30 Income tax and social contribution expense

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expense charged to net revenue is presented below:

	Consolidated		Parent company	
	2017	2016	2017	2016
Income before income and social contribution taxes	301,431	131,418	260,271	87,332
Income attributable to non-controlling interest (NCI)	(2,531)	(12,692)	-	-
Adjusted income	298,900	118,726	260,271	87,332
Equity in net income of subsidiaries	(65,430)	67,461	(23,499)	13,487
Income (loss) of company headquartered abroad	(63,410)	213,262	(168,927)	217,759
Income before income and social contribution taxes	170,060	399,449	67,845	318,578
Combined statutory rate	34%	34%	34%	34%
Income and social contribution taxes:				
Calculated at combined statutory rate	(57,820)	(135,812)	(23,067)	(108,317)
Permanent additions / exclusions:				
Transfer price adjustment	(6,879)	-	(6,879)	-
Fines	(56)	(53)	(54)	(51)
Donations/Sponsorship	(19)	(296)	(18)	(296)
Variation in interest	3,613	3,700	3,613	3,700
Other	(4,259)	(2,135)	(668)	(56)
Rate differential Copersucar North America	(781)	(1,947)	-	-
Profit abroad	(8,718)	(15,902)	(8,718)	(15,902)
Deferred of prior year	75	221	87	212
Deferred assets of Copersucar Trading and Copersucar North America	33,127	75,613	33,127	75,613
Long-term compensation	(3,469)	(10,187)	(3,469)	(10,060)
IRPJ - PAT deductions and Sponsorship	719	511	209	264
Income and social contribution taxes in the income (loss) for the year	(68,874)	(145,998)	(30,244)	(114,604)
Income tax and social contribution on income abroad	24,407	59,711	24,407	59,711
Effective rate	26%	22%	9%	17%
Current taxes	(112,290)	(32,746)	(71,337)	(46,154)
Deferred taxes	67,823	(53,541)	65,500	(8,739)
Total	(44,467)	(86,287)	(5,837)	(54,893)

31 Employee benefits

Other short and long-term benefits

Based on its benefit program, the Company recorded a provision for bonus that is effective for one year, for the following professionals:

	2017	2016
Key personnel	30,522	12,242
Other executives	<u>7,630</u>	<u>3,060</u>
	<u>38,152</u>	<u>15,302</u>

32 Operating leases

Leases as lessee

Operating leases that cannot be cancelled are paid as follows:

	Consolidated		Parent company	
	2017	2016	2017	2016
In years:				
Up to 1	68,841	80,182	4,363	4,343
1-5	148,397	169,393	12,381	18,241
>5	<u>163,647</u>	<u>156,720</u>	<u>-</u>	<u>-</u>
Total	<u>380,885</u>	<u>406,295</u>	<u>16,744</u>	<u>22,584</u>

The Company recognized the following expenses amounts with operational leasing transactions:

	2017	2016
Expense with operating lease	57,558	70,220

The Company is the lessee of an area located in Santos Port of approximately 50,392 square meters, where its facilities are built with concession contract up to 2036.

All covenants of the operating lease contract are being fully complied with by the Company.

Through its indirect subsidiary Eco-Energy, the Company is the lessee of equipment for ethanol and gasoline storage and moving (tank-cars, trucks, railroad wagons, tanks and transshipment equipment), and office equipment; it also rents a property in the city of Franklin, TN, USA, for administrative purposes.

Leases as lessor

Parent company rents its investment properties under operating leases (see Note 15) to a related party, Copersucar Armazéns Gerais.

Through its indirect subsidiary Eco-Energy, the Company sub-rents tank-cars.

Minimum future payments under non-cancelable leases are as follows:

	Consolidated		Parent company	
	2017	2016	2017	2016
In years:				
Up to 1	38,231	50,110	3,761	3,641
1-5	86,051	84,971	6,503	10,191
>5	35,147	13,601	-	-
Total	159,429	148,682	10,264	13,832

During the year ended March 31, 2017, the amount of R\$ 53,698 was recognized as income from rent in the Company's income (loss).

	2017	2016
Income from operating lease	53,698	68,920

33 Statement of added value - DVA

According to the requirement of accounting practices adopted in Brazil, applicable to publicly-held companies, and as additional information for IFRS purposes, the company prepared consolidated and individual statements of added value.

This statement, supported by macro-economic concepts, is intended to present the Company's portion in Gross Domestic Product formation by determining values added by the Company and those received from other entities; distribution of these amounts to employees, government spheres, asset leases, loan, financing and debt security creditors, controlling and non-controlling interest (NCI), and other remuneration that represents wealth transfer to third parties; said added value represents wealth created by the Company, in general, measured at income from sale of assets and from services rendered less respective inputs acquired from third parties, including value added produced by third parties and transferred to the entity.