

Copersucar S.A.

Financial statements

March 31, 2019

(A free translation of the original report in Portuguese containing Financial Information prepared in accordance with accounting practices adopted in Brazil)

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Independent auditors' report on the individual and consolidated financial statements

To the Directors 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, 2019 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

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, 2019, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in conformity with 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 auditing standards. Our responsibilities, in conformity with these standards, are described in the following section denominated "Auditor's responsibilities for the audit of the individual and consolidated financial statements". We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and in professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters - Statement of added value

Individual and consolidated statement of added value (DVA) for the year ended March 31, 2019, prepared under responsibility of Company's management, whose presentation is not required for privately-held companies, were submitted to audit procedures carried out together with the audit of Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with other financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 - Technical Pronouncement - Statement of Added Value. In our opinion, these statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Responsibilities of management for the individual and consolidated financial statements

The Management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and the internal controls it deemed necessary to enable the preparation of individual and consolidated financial statements free of material misstatements, regardless of whether caused by fraud or error.

In the preparation of individual and consolidated financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company and its subsidiaries or cease its operations, or has no realistic alternative to avoid the closure of operations.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our purposes are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue 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 be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. In addition:

- We identified and assessed the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, we planned and performed audit procedures in response to such risks, and we obtained proper and sufficient audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is higher than that arising from error, once the fraud may involve the act of dodging the internal controls, collusion, falsification, omission or false intentional representations.
- We obtained an understanding of the internal controls relevant to the audit to plan the audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Company and its subsidiaries.
- We assessed the adequacy of the accounting procedures used and the reasonableness of the accounting estimates and the respective disclosures made by the management.
- We reached a conclusion as to the suitability of Management's use of the accounting basis for going concern and, based on the audit evidence obtained, as to whether there is a material uncertainty regarding events or conditions that could raise a significant doubt regarding the Company's and its subsidiaries' capacity for going concern. If we conclude that there is a material uncertainty, we must highlight the related disclosures in the individual and consolidated financial statements in our report, or include a modification in our opinion if disclosures are inadequate. Our conclusions are based on the audit evidences obtained until the date of our report. However, future events or conditions may cause the Company and its subsidiary to no longer continue

as a going concern.

- We assessed the overall presentation, structure and content of financial statements, including disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner consistent with the objective of fair presentation.
- We obtained 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 directing, supervising and carrying out the group's audit and, therefore, for the audit opinion.
- We communicated with the ones responsible for governance with respect to, among other aspects, the planned scope, time of the audit and significant audit findings, including possible material weaknesses in internal controls identified by us during our work.

São Paulo, May 17, 2019

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

Copersucar S.A.

Balance sheets at March 31, 2019 and 2018

(In thousands of reais)

Assets	Note	Consolidated		Parent company		Liabilities	Note	Consolidated		Parent company	
		2019	2018	2019	2018			2019	2018	2019	2018
Current assets						Current liabilities					
Cash and cash equivalents	7	1,975,453	1,669,443	1,664,633	891,471	Suppliers	16	1,570,489	1,050,741	857,294	566,533
Trade accounts receivable	8	1,360,827	972,500	551,589	432,085	Loans and financing	17	547,375	1,278,532	296,784	651,711
Inventories	9	1,964,914	2,074,146	772,738	1,028,275	Labor payroll obligations		32,561	30,361	23,406	21,544
Recoverable taxes and contributions	10	181,317	195,967	169,421	190,742	Provision for income tax and social contribution		29,231	54,685	5,649	32,903
Recoverable income tax and social contribution	10	77,082	47,553	74,418	46,303	Taxes and contributions payable	18	54,332	49,342	25,565	9,686
Advances to suppliers		60,561	63,845	9,106	9,447	Stock Exchange transactions	11	2,963	1	2,962	-
Stock Exchange transactions	11	5,463	58,212	91	12,192	Advances from clients	19	777,608	981,283	623	918
Unrealized derivative financial instruments	21	568,240	571,731	257,229	265,743	Unrealized derivative financial instruments	21	478,349	304,845	201,565	224,225
Other accounts receivable		88,471	57,830	17,536	17,408	Other accounts payable		75,167	39,198	36,660	15,884
Total current assets		6,282,328	5,711,227	3,516,761	2,893,666	Total current liabilities		3,568,075	3,788,988	1,450,508	1,523,404
Non-current assets						Non-current liabilities					
Deferred tax assets	12	575,680	452,492	508,671	392,206	Loans and financing	17	4,650,413	3,552,530	4,061,381	2,971,960
Judicial deposits	20	96,892	53,752	81,737	38,999	Employee benefits		19,355	16,404	-	-
Unrealized derivative financial instruments	21	85,195	20,107	75,071	8,060	Taxes and contributions payable	18	-	63	-	-
Loan operations	23	-	-	5,520	5,614	Provisions for contingencies	20	20,243	18,340	628	679
Other accounts receivable		13,152	1,182	10,233	-	Unrealized derivative financial instruments	21	84,126	12,024	78,680	3,515
Investments	13	1,358,402	1,113,725	2,338,016	1,958,169	Deferred tax liabilities	12	146,449	117,959	60,726	40,746
Property, plant and equipment	14	679,506	663,027	4,047	3,155	Other accounts payable		1,409	2,559	14,183	13,512
Intangible assets	15	276,872	247,513	4,007	8,105	Total non-current liabilities		4,921,995	3,719,879	4,215,598	3,030,412
Total non-current assets		3,085,699	2,551,798	3,027,302	2,414,308	Shareholders' equity					
						Capital		180,301	180,301	180,301	180,301
						Capital reserve		8,153	8,153	8,153	8,153
						Treasury shares		(15,140)	(15,140)	(15,140)	(15,140)
						Legal reserve		36,061	36,061	36,061	36,060
						Profit reserves		11,233	11,233	11,233	11,233
						Investment reserves		663,364	487,060	663,364	487,060
						Equity valuation adjustment		(6,015)	5,944	(6,015)	5,945
						Additional dividend proposed		-	40,546	-	40,546
						Shareholders' equity attributable to controlling shareholders	24	877,957	754,158	877,957	754,158
						Total liabilities		8,490,070	7,508,867	5,666,106	4,553,816
Total assets		9,368,027	8,263,025	6,544,063	5,307,974	Total liabilities and shareholders' equity		9,368,027	8,263,025	6,544,063	5,307,974

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of income

Years ended March 31, 2019 and 2018

(In thousands of reais)

	Note	Consolidated		Parent company	
		2019	2018	2019	2018
Net revenues	25	29,116,924	28,554,355	8,322,833	7,481,315
Unrealized derivative financial instruments	21	(457,225)	(53,013)	(17,657)	12,138
Cost of sales	26	(27,931,971)	(27,786,896)	(8,041,734)	(7,340,747)
Gross income		727,728	714,446	263,442	152,706
Sales expenses	26	(131,608)	(129,466)	(25,643)	(42,702)
Administrative expenses	26	(245,476)	(183,583)	(122,204)	(88,395)
Other revenues	27	123,145	85,358	117,240	89,401
Other expenses		(39,859)	(68,153)	(9,151)	(8,755)
Income before net financial		433,930	418,602	223,684	102,255
Financial revenues	28	2,150,263	634,161	716,562	421,501
Financial expenses	28	(2,427,298)	(833,101)	(1,076,767)	(555,687)
Net financial	28	(277,035)	(198,940)	(360,205)	(134,186)
Equity in net income of subsidiaries	13	3,760	(19,709)	270,911	230,671
Income (loss) before taxes		160,655	199,953	134,390	198,740
Current income tax and social contribution	29	2,095	(56,594)	27,255	(31,274)
Deferred income tax and social contribution	29	14,799	3,807	15,904	(20,300)
Total income tax and social contribution		16,894	(52,787)	43,159	(51,574)
Net income for the year		177,549	147,166	177,549	147,166
Income (loss) attributed to					
Controlling shareholders		177,549	147,166	177,549	147,166
Net income for the year		177,549	147,166	177,549	147,166

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of comprehensive income

Years ended March 31, 2019 and 2018

(In thousands of reais)

	<u>Consolidated</u>		<u>Parent company</u>	
	2019	2018	2019	2018
Net income for the year	177,549	147,166	177,549	147,166
Comprehensive income				
Reflexive accumulated translation adjustment	(3,210)	4,672	(3,210)	4,672
Accumulated translation adjustment	151,894	42,370	151,894	42,370
<i>Non-Deliverable Forward</i> - Investment hedge	(243,176)	(73,984)	(243,176)	(73,984)
<i>Non-Deliverable Forward</i> - Cash flow hedge	(2,593)	(6,635)	-	(6,635)
Swap hedge accounting	5,757	(15,287)	5,335	(15,287)
Income tax and social contribution	79,899	32,609	80,581	32,609
Total comprehensive income	<u>166,120</u>	<u>130,911</u>	<u>168,973</u>	<u>130,911</u>
Comprehensive income attributable to:				
Controlling shareholders	<u>166,120</u>	<u>130,911</u>	<u>168,973</u>	<u>130,911</u>
Total comprehensive income	<u>166,120</u>	<u>130,911</u>	<u>168,973</u>	<u>130,911</u>

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of changes in shareholders' equity

Years ended March 31, 2019 and 2018

(In thousands of reais)

	Reserves						Equity valuation adjustment	Retained earnings	Additional dividend proposed	Shareholders' equity attributed to controlling shareholders
	Capital	Capital reserve	Treasury shares	Legal reserve	Profit retention	Reserve for investment				
2017	180,301	1,769	(134)	34,336	11,233	383,036	22,783	-	-	633,324
Realization of deemed cost	-	-	-	-	-	-	(583)	583	-	-
Gains (losses) from disposal of treasury shares	-	6,384	-	-	-	-	-	-	-	6,384
Treasury shares	-	-	(15,006)	-	-	-	-	-	-	(15,006)
Comprehensive income for the year:										
Reflexive accumulated translation adjustment	-	-	-	-	-	-	4,671	-	-	4,671
Hedge of a net investment in a foreign operation	-	-	-	-	-	-	(6,459)	-	-	(6,459)
Net cash flow hedge	-	-	-	-	-	-	(4,379)	-	-	(4,379)
Swap hedge accounting	-	-	-	-	-	-	(10,089)	-	-	(10,089)
Net income for the year	-	-	-	-	-	-	-	147,166	-	147,166
Legal reserve	-	-	-	1,725	-	-	-	(1,725)	-	-
Minimum mandatory dividends (R\$ 0.00118 per share)	-	-	-	-	-	-	-	(1,454)	-	(1,454)
Additional dividends proposed	-	-	-	-	-	-	-	(40,546)	40,546	-
Profit retention - "Ad referendum" Annual Shareholders' Meeting	-	-	-	-	-	104,024	-	(104,024)	-	-
2018	180,301	8,153	(15,140)	36,061	11,233	487,060	5,944	-	40,546	754,158
Realized deemed cost	-	-	-	-	-	-	(530)	530	-	-
Comprehensive income for the year:										
Reflexive accumulated translation adjustment	-	-	-	-	-	-	(3,208)	-	-	(3,208)
Hedge of a net investment in a foreign operation	-	-	-	-	-	-	(10,702)	-	-	(10,702)
Net cash flow hedge	-	-	-	-	-	-	(3,696)	-	-	(3,696)
Swap hedge accounting	-	-	-	-	-	-	6,177	-	-	6,177
Net income for the year	-	-	-	-	-	-	-	177,549	-	177,549
Distribution of income:										
Minimum mandatory dividends (R\$ 0.00144 per share)	-	-	-	-	-	-	-	(1,775)	-	(1,775)
Profit retention - "Ad referendum" Annual Shareholders' Meeting	-	-	-	-	-	176,304	-	(176,304)	-	-
Payment of additional dividends proposed	-	-	-	-	-	-	-	-	(40,546)	(40,546)
2019	180,301	8,153	(15,140)	36,061	11,233	663,364	(6,015)	-	-	877,957

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of cash flows

Years ended March 31, 2019 and 2018

(In thousands of reais)

	Consolidated		Parent company	
	2019	2018	2019	2018
Cash flow from operating activities				
Net income for the period	177,549	147,166	177,549	147,166
Adjusted by:				
Equity in net income of subsidiaries	(3,760)	19,709	(270,911)	(230,671)
Subsidiary gains with exchange rate changes	(209,288)	(41,601)	-	-
Change in fair value of stock exchange	(218)	(648)	-	-
Depreciation and amortization	67,742	63,950	4,612	10,011
Deferred taxes	(14,799)	(3,807)	(15,904)	20,300
Interest and exchange rate on loans and financings	640,828	388,226	449,173	287,850
Net value of write-offs of fixed and intangible assets	3,932	53,179	670	50,759
Increase in provision for contingencies	1,903	379	(51)	510
Employee benefits	2,951	(2,312)	-	(15,302)
Change in inventories' fair values	(188,275)	199,119	(51,374)	53,740
Change in fair value of derivative financial instruments	(67,530)	(42,453)	(254,518)	(67,405)
Gain on interest in investments in associated companies	(110,581)	(60)	(110,581)	(60)
Changes in assets and liabilities				
(Increase) in trade accounts receivable	(390,657)	(273,409)	(119,504)	(169,951)
(Increase) in operations with related parties	(201,301)	(328,271)	2,173	19,353
Decrease in inventories	297,507	15,938	306,911	31,092
(Increase)/Decrease in recoverable taxes	(14,879)	33,155	(6,794)	32,700
(Increase) / Decrease in other accounts receivable	(40,776)	14,815	(128)	(12,900)
(Increase) in advances to suppliers	3,838	259,807	341	2,457
Increase/(Decrease) decrease in stock exchange operations	53,425	(41,113)	15,063	(11,674)
(Increase)/(Decrease) in judicial deposits	(43,140)	(15)	(42,738)	(526)
Increase in suppliers	644,942	(163,802)	290,761	(358,073)
Increase/(Decrease) in social and labor obligations and employee benefits	2,200	(9,528)	1,862	(8,957)
Increase/(Decrease) in taxes and contributions payable	4,670	62,527	(8,278)	40,466
Increase/(Decrease) in other accounts payable	67,824	(11,405)	19,779	7,243
Interest on loans and financing – paid	(282,117)	(307,981)	(223,120)	(230,735)
Income tax and social contribution	(25,197)	(13,680)	(3,098)	-
Dividends received	10,336	77,120	160,336	90,885
Net cash flow (used) in operating activities	387,129	95,005	322,231	(311,722)
Cash flows from investment activities				
Application of funds in investments	(24,960)	(133,348)	(24,960)	(133,929)
Application of funds in property, plant and equipment	(16,595)	(74,736)	(2,076)	(1,929)
Application of funds in intangible assets	(1,837)	(969)	-	-
Net cash used in investment activities	(43,392)	(209,053)	(27,036)	(135,858)
Cash flows from financing activities				
Disposal of treasury shares	-	(8,622)	-	(8,622)
Dividends paid	(42,000)	(2,417)	(42,000)	(2,417)
Gain/(loss) from financial instrument	11,526	(84,297)	11,526	(84,297)
Loans and financing obtained	2,125,183	3,235,845	1,875,099	2,715,804
Payments of loans and financing	(2,165,437)	(2,658,117)	(1,366,657)	(1,757,633)
Net cash generated in financing activities	(70,728)	482,392	477,968	862,835
Net increase in cash and cash equivalents	273,009	368,344	773,163	415,255
Statement of changes in cash and cash equivalents				
At the end of the period	1,975,453	1,669,443	1,664,633	891,470
Effect in exchange-rate change on cash and cash equivalents	33,001	36,314	-	-
At the beginning of the period	1,669,443	1,264,785	891,470	476,215
Net increase in cash and cash equivalents	273,009	368,344	773,163	415,255

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of added value

Years ended March 31, 2019 and 2018

(In thousands of reais)

	Consolidated		Parent company	
	2019	2018	2019	2018
Revenues				
Sale of goods, products and services	30,119,050	29,431,178	9,436,611	8,409,863
Other revenues	157,130	62,065	30,892	(2,513)
Change in fair value of financial instruments	(457,225)	(53,013)	(17,657)	12,138
Estimated allowance for doubtful accounts	467	(352)	604	-
	<u>29,819,422</u>	<u>29,439,878</u>	<u>9,450,450</u>	<u>8,419,488</u>
Inputs acquired from third parties				
Cost of products, goods, and services sold	(28,048,399)	(27,894,769)	(8,331,378)	(7,649,091)
Materials, outsourced services and other	(266,807)	(250,440)	(46,107)	(52,122)
Other	(30,991)	(28,638)	(3,161)	(1,215)
	<u>(28,346,197)</u>	<u>(28,173,847)</u>	<u>(8,380,646)</u>	<u>(7,702,428)</u>
Gross added value	<u>1,473,225</u>	<u>1,266,031</u>	<u>1,069,804</u>	<u>717,060</u>
Depreciation and amortization	<u>(67,339)</u>	<u>(63,950)</u>	<u>(4,656)</u>	<u>(10,011)</u>
Added value received as transfer				
Equity in net income of subsidiaries	3,760	(19,709)	270,911	230,671
Financial revenues	2,150,263	634,161	716,562	421,501
Other	121,260	94,381	115,225	88,843
	<u>2,275,283</u>	<u>708,833</u>	<u>1,102,698</u>	<u>741,015</u>
Total added value payable	<u>3,681,169</u>	<u>1,910,914</u>	<u>2,167,846</u>	<u>1,448,064</u>
Distribution of added value	<u>(3,681,169)</u>	<u>(1,910,914)</u>	<u>(2,167,846)</u>	<u>(1,448,064)</u>
Personnel				
Direct remuneration	(152,756)	(132,104)	(41,936)	(33,129)
Benefits	(71,762)	(47,093)	(45,688)	(27,022)
FGTS	(10,175)	(9,178)	(3,512)	(2,951)
	<u>(234,693)</u>	<u>(188,375)</u>	<u>(91,136)</u>	<u>(63,102)</u>
Taxes, rates and contributions				
Federal	(19,449)	(112,727)	1,027	(72,106)
State	(784,080)	(598,606)	(816,969)	(603,964)
Municipal	(11,406)	(9,729)	(954)	(753)
	<u>(814,935)</u>	<u>(721,062)</u>	<u>(816,896)</u>	<u>(676,823)</u>
Third parties' capital remuneration				
Interest	(2,427,298)	(833,101)	(1,076,767)	(555,687)
Rentals	(26,694)	(21,210)	(5,498)	(5,286)
	<u>(2,453,992)</u>	<u>(854,311)</u>	<u>(1,082,265)</u>	<u>(560,973)</u>
Remuneration of own capital				
(Income) for the year	<u>(177,549)</u>	<u>(147,166)</u>	<u>(177,549)</u>	<u>(147,166)</u>
	<u>(177,549)</u>	<u>(147,166)</u>	<u>(177,549)</u>	<u>(147,166)</u>

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of reais)

1 Operations

The Company, established as a privately-held corporation, domiciled in Brazil, is headquartered in the city of São Paulo (SP) at Avenida Paulista 287 and is mainly engaged in: import, export, manufacture, store, load and unload sugar; for ethanol and by-products in the domestic and international markets; commercial representation of sugar, ethanol and derivatives, land (air, river, sea) logistics, cargo shipments, including hazardous and acting as operator of multimodal transport; provision of technical and consultancy services related to the aforementioned activities and interest in capital of other entities.

The individual and consolidated financial statements of the Company for the year ended March 31, 2019 comprise the parent company and its subsidiaries.

The Company and its subsidiaries' fiscal year ends on March 31 of each year.

2 Company's entities

Entity Subsidiaries - Direct:	City/State: - Country	2019	Main Activities
Companhia Auxiliar de Armazéns Gerais S.A.	São Paulo/SP - Brazil	100.00000%	Sale of 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%	Sale on the wholesale market of food products and goods in general, wholesale and retail sale and distribution of fuels for vehicles or industries 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 purchased from Cooperativa de Produtores de Cana-de-Açúcar, Açúcar e Alcool do Estado de São Paulo (Cooperative). To hold capital in other companies.
Copersucar Europe Espanha Subsidiary - Indirect:	Bilbao - Spain	100.00000%	Originates, sell and operates in sugar and ethanol global trading.
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%	Responsible for the road transport of sugar and ethanol.
Terminal de Combustíveis Paulínia Affiliates:	Paulínia/SP - Brazil	50.00000%	Ethanol storage.
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 marketing 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.

Entity Subsidiaries - Direct:	City/State: - Country	March 31, 2019	Main Activities
Jointly controlled entities:			
			Implements the construction and operates intermodal and multimodal transportation networks of ethanol, oil byproducts and other biofuels for the domestic and foreign market; exploits activities directly or indirectly related to the intermodal and multimodal transportation services of ethanol, oil byproducts and other biofuels; takes part in projects which purpose is the promotion and development of intermodal and multimodal transportation of ethanol, oil byproducts and other biofuels; imports, exports, purchase, sells, distributes or lease all machinery and equipment related to the aforementioned activities and exploits an develops business opportunities related to placement of optical fiber cables in its easement strips.
Logum Logística S.A.	Rio de Janeiro/RJ - Brazil	<u>30.00000%</u>	
Alvean Sugar Intermediação e Agenciamento Ltda.	São Paulo/SP - Brazil	<u>50.00000%</u>	Agency and intermediation in trading of white and raw sugar.
Alvean Sugar, S.L.	Bilbao - Spain	<u>50.00000%</u>	Originates, sells and acts in the global trading global of raw and white sugar.
TCE Participações S.A.	São Paulo/SP - Brazil	<u>50.00000%</u>	Ethanol storage.

3 Preparation basis

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

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

The issue of financial statements was authorized by the Executive Board on May 17, 2019.

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

All material information proper to the financial statements, and only it, is being evidenced, and corresponds to those used by Management for administration.

b. Functional and presentation currency

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

c. Use of estimates and judgments

The preparation of Company's individual and consolidated financial statements requires Management to make judgments, use estimates and adopt assumptions that affect the amounts presented for revenues, 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 years.

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

The significant accounting estimates, assumptions and judgments are as follows: useful life of fixed assets (note 5.h.iii), useful life of intangible assets (note 5.i.iv), inventories (note 9), deferred tax assets and liabilities and use of tax losses (note 12), provisions for contingencies (note 20), financial instrument (note 21) and operating leases (note 31).

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 the fair values are classified on hierarchical basis, according to evaluation 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 fair value evaluations made by the Company that fits into 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 the determination 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 cost and deemed cost; and
- Inventories - calculate at fair value less sales expenses, mark-to-market, except for Anhydrous compounds' inventory, which is evaluate at average acquisition cost, not exceeding the net realizable value, as mentioned in Note 5 (g).

5 Significant accounting policies

The accounting practices 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 joint ventures are recognized under the equity method.

(iii) *Investments in associates*

Associates 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 the recognition of additional losses is completed.

(iv) *Transactions eliminated in the consolidation*

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

(v) *Interest of non-controlling shareholders*

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

b. Operating revenue

(i) Sugar and ethanol sales

Operating revenue 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 bonus. Operating revenue 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 continued involvement with the goods sold; and (v) the amount of operating revenue 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 revenue as the related sales are recognized.

(ii) Rendering of services

Income (loss) from the provision of storage, logistics services and loading of sugar and ethanol are recognized when: (i) the amount of the revenue can be reliably estimated; (ii) it is likely that the economic benefits related to the transaction will accrue 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 revenues and expenses

Financial revenues substantially comprise revenue from interest earning bank deposits, Foreign exchange gain 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 revenue is recognized in income (loss) using the effective interest method.

Financial expenses substantially comprise interest expenses on loans, foreign exchange losses 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. Loan costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

d. Foreign currency

(i) Foreign currency transactions

Transactions in foreign currency are translated into Reais (Company's functional currency) at the exchange rates on the dates of the transactions. The balances of balance sheet accounts in foreign currency are translated at the exchange rates in effect on the closing date of financial statements and the gains or losses on changes in the exchange rates are recognized in financial income (loss).

(ii) Foreign group companies

Regarding subsidiaries with Dollar as functional currency, assets and liabilities of foreign transactions are translated into Brazilian reais (parent company's functional currency) at the exchange rate prevailing on presentation date. Revenues and expenses from foreign transactions are converted into reais at the average exchange rates (sale PTAX) calculated in the year.

Regarding the subsidiaries with functional currency - Reais, 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.

These exchange-rate changes 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 (Dollar) to the functional currency of the Company (Brazilian real), the following exchange rates were used for the Consolidated and Parent company:

	Average annual interest		Spot closing rate	
	2019	2018	2019	2018
R\$/USD	3.7862	3.2172	3.8967	3.3238

e. Employee benefits

(i) Defined contribution plans

The Company offers to its employees a Private Defined Contribution Pension Plan, aimed to ensure to the employee the possibility of accumulating funds in order to guarantee a monthly income in the future, for the employee to maintain a dignified life standard after retirement. The Company's pension plan is accessible to all the employees and administrators, on optional basis.

The employee who elects to join the plan may opt for two types: 1- Free Benefit Plan (PGBL) or 2- Free Benefit Life Insurance (VGBL). According to the approved rules of the plan, the employee may participate through basic or complementary 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 compensation by the Company.

(ii) Profit sharing and bonuses

The employees' participation in the profits and the variable remuneration of the executives are linked to the attainment of operating and financial goals. The Company recognizes liabilities and expenses allocated to the production cost and to general and administrative expenses, when these goals are attained (Note 30).

f. Income tax and social contribution

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 year, whereas social contribution is computed at the rate of 9% on taxable income, recognized on the accrual basis. In addition, offset of tax loss carryforwards may be carried out, limited to 30% of annual taxable income.

Expense with income tax and social contribution comprises both current and deferred taxes. Current and deferred taxes are recognized in income (loss), except for items directly recognized in Shareholders' equity or in other comprehensive income.

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

(i) Current tax

Current tax is the tax payable or receivable on the taxable income or loss for the year and any adjustment to taxes payable of prior years, at abovementioned rates.

(ii) Deferred tax

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

A deferred income tax and social contribution 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 deferred and current 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 adequacy of existing provisions and as a result, impact income tax expenses for the year in which they are made.

g. Inventories

The Company inventory is adjusted to market value ("mark to market") less selling costs, except for Anhydrous compounds' inventory, which is evaluated at average acquisition cost, not exceeding the net realizable value. The net realizable amount is the sales price estimated for the normal course of the businesses, less estimated costs required to carry out 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 equipment functionalities are capitalized as part of the equipment.

The cost 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 directly attributable to bringing the assets to a working condition, dismantling and restoring the site on which they are located, and loan 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 property, plant and equipment.

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 revenues/expenses” in the income (loss).

(ii) 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 surplus and losses for the year as incurred.

(iii) 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. Depreciation is recognized in income (loss) under straight-line method in relation to estimated useful lives.

Depreciation is calculated on the depreciable values, which is the cost of an asset, or other amount that substitutes cost, less residual values.

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

Annual weighted average rate:	2019 and 2018	
	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. Every year and whenever there are indices of impairment loss, the Company assesses annually 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. Costs of maintenance on PP&E are charged to the income statement 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 income (loss) under “Administrative expenses” 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. Financial instruments

(i) Recognition and initial measurement

Trade accounts receivable and loans and financing are initially recognized on the date that they were originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the instrument's contractual provisions.

A financial asset (unless it is trade accounts receivable without a material financing component) or a financial liability is initially measured at fair value, plus, for an item not measured at FVTPL (fair value through profit or loss), transaction costs which are directly attributable to its acquisition or issue. A trade accounts receivable without a significant financing component is initially measured at the price of the transaction.

(ii) Subsequent classification and measurement

Upon initial recognition, a financial asset is classified as measured: at amortized cost; fair value through other comprehensive income (FVTOCI); or fair value through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition, unless the Company changes the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in the business model.

A financial asset is measured at amortized cost if it meets both conditions below:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and
- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if both conditions are not complied with:

- it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and
- its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

In the initial recognition of an investment in an equity instrument not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value through profit or loss (FVTPL) of the investment in other comprehensive income (FVTOCI). This choice is made on an investment basis.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income (FVTOCI), as described above, are classified at fair value through profit or loss (FVTPL). This includes all derivative financial assets.

Financial liabilities were classified as measured as amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified as measured at fair value through profit or loss (FVTPL) if it is classified as held for trading, if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in income (loss). Any gain or loss on derecognition is also recognized in income (loss).

(iii) *Derecognition of a financial asset*

The Company derecognizes a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company transfers the contractual rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred or in which the Company nor transfers or maintains all ownership risks and rewards of the financial assets and also does not hold the control over the financial asset.

The Company carries out transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

(iv) *Derecognition of a financial liability*

The Company derecognizes a financial liability when its contractual obligation is settled, canceled or expires. The Company also derecognizes a financial liability when terms are modified, and the cash flows of the modified liability are substantially different if a new financial liability based on the terms changed is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in the income (loss).

(v) *Derivative financial instruments*

The Company has derivative financial instruments: futures, swaps and NDFs (Non-Deliverable Forward) to hedge against interest, exchange and commodity price risks.

The objective of transactions involving derivatives is always related to the operation of the Company and the reduction of its exposure to currency and market risks, duly identified by established policies and guidelines. Income (loss) obtained from such operations are consistent with the policies and strategies defined by Management of the Company and all the gains or losses from these transactions with derivative financial instruments are recognized at its fair value.

Gains/losses related to unrealized derivative financial instruments arising from commodity price hedging are recognized in gross profit. Effects of derivatives related to foreign exchange risks of realized financial items and interest are recognized in the 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, they are measured at fair value and changes accounted for in profit or loss for the year.

(vi) *Hedge of foreign investment, net*

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 related to hedge effectiveness, exchange differences arising from the conversion of a financial liability designated as hedge, of a net investment in a foreign operation are recognized in other comprehensive income, and accumulated in equity valuation adjustments in the shareholders' equity.

(vii) *Cash flow hedge*

The Company uses hedge accounting for foreign currency differences and interest rates between the operation currency linked to Dollar and functional currency of the parent company (Brazilian Real).

Within the conditions related to hedge effectiveness, exchange differences arising from the conversion of a financial asset designated as hedge, of a net debt in a foreign operation are recognized in other comprehensive income, and accumulated in equity valuation adjustments in the shareholders' equity.

k. 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.

l. Impairment

The Company reviews each reporting date in order to check for 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 has a negative effect on the projected future cash flows of that asset that can be reliably estimated. When it is possible to estimate the individual recoverable amount of an asset, the Company calculates the recoverable value 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 credit losses on receivables from the trade receivable portfolio are recognized in the income (loss) for the year under "Sales expenses" caption as Estimated credit losses on each year for evaluation of recoverable value, in accordance with CPC 48 - "Financial Instruments".

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less selling 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 amount 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, 2019 and 2018, the Company did not identify traces that the amount of these assets is lower than the realization value.

m. Provisions

A provision is recognized 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 a contract contains a lease*

In the beginning of the contract, the Group determines whether it is or contains a lease. At the start or upon revaluation of whether a contract contains a lease, the Group separates the payments and other consideration required by the lease from those relating to the other elements of the contract based on the relative fair value of each element. For a financial lease, if the Group concludes that it is impracticable to separate payments reliably, then the asset and liability are recognized for an amount equal to the fair value of the assets, and subsequently the liability is reduced when payments are made and the financial cost associated with the liability is recognized using the Group's incremental funding rate.

(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 revenues and incur expenses. Operating segments reflect the way the Company's management reviews financial information for decision-making. Management defined the Group's operating areas based on reports employed to make decisions as follows: Trading of Sugar and Ethanol and Provision of Service.

p. Statements of added value

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

q. Changes in significant accounting policies

Except as described below, the accounting policies used in these financial statements are the same as those adopted in the Company's financial statements in the year ended March 31, 2018.

The Company initially adopted CPC 47 - Revenue from Contracts with Customers and CPC 48 - Financial Instruments as of April 1, 2018. The effect of the initial application of these standards is mainly attributed to:

A. CPC 47 - Revenue with Contracts with Customers

CPC 47 establishes a comprehensive framework for determining whether and when revenue is recognized. Replaces CPC 30 - Revenues, CPC 17- Construction Contracts and related interpretations.

The Company adopted CPC 47 using the cumulative effect method (with no practical expedients), with initial application of the standard recognized on initial date (that is, April 1, 2018). Consequently, the information presented on March 31, 2018 was not restated and, accordingly, it was presented as formerly reported according to CPC 30, CPC 17 and related interpretations.

Based on the Company's evaluation, this requirement did not generate impact on bookkeeping of its revenues.

B. CPC 48 - Financial instruments

(i) Classification and measurement of financial assets and liabilities

CPC 48 retains a large part of the existing requirements of CPC 38 for the classification and measurement of financial liabilities. However, it eliminates the former categories of CPC 38 for financial assets: held to maturity, loans and receivables and available for sale.

The adoption of CPC 48 had no material impact on accounting policies of the Company in connection with financial liabilities and derivative financial instruments. The effect of CPC 48 on the classification and measurement of financial assets is described below.

Pursuant to CPC 48, upon initial recognition, a financial asset is classified as measured: at amortized cost; fair value through profit or loss (FVTOCI); or fair value through profit or loss (FVTPL). The classification of financial assets pursuant to CPC 48 is usually based on the business model in which a financial asset is managed and on its characteristics of contractual cash flows.

A financial asset is measured at amortized cost if it meets both conditions below:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and
- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if both conditions are not complied with:

- it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and

- its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income (FVTOCI), as described above, are classified at fair value through profit or loss (FVTPL). This includes all derivative financial assets.

In the initial recognition of an investment in an equity instrument not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value through profit or loss (FVTPL) of the investment in other comprehensive income (FVTOCI). This choice is made on an investment basis.

The following table and notes below explain the original measurement categories in CPC 38 and the new measurement categories of CPC 48 for each class of financial assets and liabilities of the Company as of March 31, 2019.

Consolidated	Original classification in accordance with CPC 38	Original classification in accordance with CPC 48	Original value CPC 38	Original value CPC 48
Financial assets				
Derivative financial instruments	Fair value	Fair value	653,435	653,435
Stock exchange derivatives	Fair value	Fair value	5,463	5,463
Cash and cash equivalents	Fair value	Fair value	1,975,453	1,975,453
Inventories	Fair value	Fair value	1,964,914	1,964,914
Trade accounts receivable	Loans and receivables	Amortized cost	1,360,827	1,360,827
Advances to suppliers	Loans and receivables	Amortized cost	60,561	60,561
Other accounts receivable	Loans and receivables	Amortized cost	88,471	88,471
Total financial assets			<u>6,109,124</u>	<u>6,109,124</u>
Financial liabilities				
	Original classification in accordance with CPC 38	Original classification in accordance with CPC 48	Original value CPC 38	Original value CPC 48
Stock exchange derivatives	Fair value	Fair value	2,963	2,963
Unrealized derivative financial instruments	Fair value	Fair value	562,475	562,475
Loans and financing	Amortized cost	Amortized cost	5,197,788	5,197,788
Suppliers	Amortized cost	Amortized cost	1,570,489	1,570,489
Advances from clients	Amortized cost	Amortized cost	777,608	777,608
Other accounts payable	Amortized cost	Amortized cost	75,167	75,167
Total financial liabilities			<u>8,186,490</u>	<u>8,186,490</u>

(ii) Impairment of financial assets

CPC 48 replaces the “incurred losses” model of CPC 38 with a prospective “expected credit losses” model. The new model of expected losses will be applied to financial assets measured at amortized cost or FVTOCI, with the exception of investments in equity instruments and contractual assets. Provisions for expected losses were measured based on lifetime expected credit losses, i.e., credit losses that result from all possible delinquency events over the expected life of a financial instrument.

For trade accounts receivable, the Company opted for adopting the practical expedient of the provisioning matrix by loss history. Expected credit losses were evaluated based on the experience of actual credit losses for the last years for each client individually. 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 in relation to the assumptions, if the current economic and credit conditions are such that the actual losses will be higher or lower than those suggested by historical trends.

For the balances held in interest earning bank deposits and cash and cash equivalents, no relevant impacts have been identified, given the high ratings of the counterparties.

Based on the Company's evaluation, this requirement did not generate impacts on bookkeeping of its financial and contract assets.

r. New standards and interpretations not yet adopted

(i) CPC 06 (R2) Leases

CPC 06 (R2) replaces existing lease standards, including CPC 06 Leases and ICPC 03 Complementary Aspects of Leases.

The standard is effective in years starting on or after April 1, 2019.

CPC 06 introduces a single model of accounting of leases in the balance sheet to lessees. A lessee recognizes an asset of right of use that represents its right to use the leased asset and a lease liability that represents its obligation to make the lease payments. Exemptions are available for short-term leases and low value items. The lessor's accounting remains similar to the current standard, that is, lessors continue to classify leases as financial or operating leases. Until these financial statements will be issued, the most significant impact identified is that the Company will recognize new assets and liabilities for its operating lease of non-residential properties for its administrative (Copersucar) and operating facilities (Companhia Auxiliar).

In addition, the nature of expenses related to these lease agreements is going to change; CPC 06 replaces the linear expense of operating lease with a cost of depreciation of asset use rights and interest expense on lease liabilities.

Transition

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

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

The lessee will apply this choice consistently to all of its leases.

The Company intends to initially adopt CPC 06 (R2) as of April 1, 2019 adopting a modified retrospective approach. Therefore, cumulative effect of adopting CPC 06 (R2) will be recognized as an adjustment to opening balance of retained earnings on April 1, 2019, without updating comparative information.

The Company is not obliged to make adjustments for one-lessor leases, except when it refers to an intermediary lessor in a sublease.

The Company carried out an analysis of leases/rentals recorded on March 31, 2019 and an impact of R\$ 65,765 related to contract assets in Consolidated was identified and R\$ 7,377 in the Parent Company. Subsidiary Eco-Energy expects a significant, but not yet measure, impact when the standard is applied.

(ii) IFRIC 23 - Uncertainty on income tax treatments

The standard clarifies how to account for tax positions related to Income Tax and Social Contribution. This standard is applicable when there are uncertainties regarding the acceptance of the treatment by the tax authority. If the acceptance is not likely, the amounts of financial assets and liabilities have to be adjusted to reflect the best resolution of the uncertainty.

IFRIC 23 does not introduce new disclosures, but stresses the need to comply with existing disclosure requirements on (i) judgments made; (ii) assumptions or other estimates used; and (iii) the potential impact of uncertainties that are not reflected in the financial statements. The standard is applicable as of April 1, 2019.

The Company evaluated the changes introduced by this new standard and, based on the analyzes carried out, did not identify material changes having an impact on its financial statements.

The transition method adopted by the Company is the modified retrospective transition model, under which the respective pronouncement becomes effective on the balance sheet as of the date of adoption, i.e., April 1, 2019, and the comparative amounts are not amended to reflect the accounting practice adopted by the Company.

(iii) Other standards

The following changed standards and interpretations should not have a significant impact on Group's consolidated financial statements.

- Characteristics of prepayment with negative remuneration (Amendments in IFRS 9).
- Investment in associated company, subsidiary and joint venture (Amendments to CPC 18 (R2)/IAS 28).
- Amendments to the plan, plan reductions or settlement (Amendments to CPC 33/IAS 19).
- Annual improvements cycle in IFRS 2015-2017 standards - several standards.
- Changes in the references to the conceptual framework in IFRS standards.
- **IFRS 17** - Insurance Contracts.

6 Operating segments

Management defined the Group's operating areas based on reports employed to make decisions as follows: Trading of Sugar and Ethanol and Provision of Service.

- **Trading of Sugar and Ethanol** - Purchase and sale in the domestic and international market of raw sugar, white sugar, anhydrous ethanol and hydrous ethanol.
- **Provision of services** - comprises the results from the provision of storage, logistics and loading services for sugar and ethanol.

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

	2019			2018		
	Sugar/Ethanol	Services	Total	Sugar/Ethanol	Services	Total
Net revenue (a)	28,213,991	445,708	28,659,699	28,028,116	473,226	28,501,342
Cost of sales	(27,636,035)	(295,936)	(27,931,971)	(27,551,251)	(235,645)	(27,786,896)
Gross margin	577,956	149,772	727,728	476,865	237,581	714,446

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

Breakdown of consolidated net operating revenue per geographic area is as follows:

Region/Country	2019	2018
United States	16,534,603	13,956,856
Brazil	8,317,189	7,446,100
Switzerland	2,801,778	4,189,419
Canada	864,244	840,527
United Arab Emirates	251,860	1,176,493
Seychelles Islands	99,909	749,484
Netherlands	76,695	57,754
Japan	67,644	52,358
Singapore	66,317	-
Great Britain	36,685	68,661
South Korea	-	16,703
Total	29,116,924	28,554,355

7 Cash and cash equivalents

	Consolidated		Parent company	
	2019	2018	2019	2018
Cash	30	25	30	25
Bank - Checking account	323,040	741,105	102,174	5,867
Investment fund	391,215	483,868	391,215	483,868
Interest earning bank deposits	1,261,168	444,445	1,171,214	401,711
Total	1,975,453	1,669,443	1,664,633	891,471

The balances of investment funds are remunerated by quotas, equivalent to 98% of CDI (average 12 months) on March 31, 2019 (99% on March 31, 2018).

The balances of interest earning bank deposits are represented by fixed income securities, substantially remunerated at 101% (CDB and LAM) of CDI-CETIP Certificate of Interbank Deposit changes (99% as of March 31, 2018). Another portion of the balance of the investments in repurchase agreements is remunerated at 80% of CDI-CETIP rate, with daily liquidity and possibility of immediate redemption, without fine or loss, and 99% of CDI-CETIP rate, with a 20-day grace period.

For more information on the Company's exposure to interest, foreign currency and liquidity risks, see Note 21.

8 Trade accounts receivable

	Note	Consolidated		Parent company	
		2019	2018	2019	2018
Domestic market clients		372,034	296,059	389,318	341,073
Foreign market clients		929,872	658,385	-	-
Related parties	23	58,921	18,056	162,271	91,012
Total		1,360,827	972,500	551,589	432,085

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 21.

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 accounts receivable as of March 31, 2019 and 2018, and concluded that the amounts substantially match the book values presented on the balance sheet.

The criteria for evaluation of the "expected credit losses" are disclosed in Note 5 (q.B.ii).

9 Inventories

	Consolidated		Parent company	
	2019	2018	2019	2018
Sugar	1,142,690	1,174,213	370,514	508,607
Ethanol	767,282	848,124	392,713	511,124
Gasoline	-	1,521	-	-
RIN / LCFS	26,573	21,297	-	-
Natural gas	10,069	13,161	-	-
Stocks, packaging, and others	18,300	15,830	9,511	8,544
Total	1,964,914	2,074,146	772,738	1,028,275

For sugar inventories designated for the foreign market there is an advance for clients in liabilities (prepayment) in the amount of R\$ 776,858 on March 31, 2019 and R\$ 978,912 on March 31, 2018, pursuant to note 19, of the jointly-controlled subsidiary Alvean Sugar S.L.

The inventory volumes of Anhydrous Ethanol of the Company as of March 31, 2019 are in compliance with the requirements of ANP Resolution 67 of December 2011 (article 10), and are evaluated at average acquisition cost, not exceeding the net realizable value.

The inventories of tradable products - sugar, ethanol (except for anhydrous compounds), gasoline (and gasoline by-products), RINs and LCFS (Renewable Identification Numbers and 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).
- Price of natural gas - Nymex henry hub gas futures, disclosed 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 - in Reais:

Commodity	Market index	Unit	2019	2018
Raw sugar	Sugar #11 (ICE/NYBOT)	¢/lb	12.76	12.25
White sugar	Crystal Sugar (CEPEA/ESALQ)	R\$/ton	1,376.8	1,068.00
Anhydrous ethanol	Anhydrous ethanol (CEPEA/ESALQ)	R\$/m3	2,010.1	2,076.1
Hydrous ethanol	Hydrous ethanol (CEPEA/ESALQ)	R\$/m3	1,776.4	1,852.2
Anhydrous ethanol (Europe)	Ethanol (Platts) T2 FOB Rotterdam (CME Group)	EUR/m3	592.35	443.07
Anhydrous ethanol (USA)	Ethanol (Platts) Chicago Platts (CME Group)	USD/GL	1.48	1.55
Gasoline	OPIS / Platts	USD/GL	-	1.70
RIN	OPIS / Heating Oil Reference	US\$/unit	0.15	0.44
Natural gas	Nymex henry hub gas futures	USD/mmbtu	2.11	2.51

10 Recoverable taxes and contributions

	Consolidated		Parent company	
	2019	2018	2019	2018
ICMS	101,336	108,341	101,336	106,344
IPI	9,235	9,265	9,235	9,265
PIS	23,296	16,709	11,383	13,851
COFINS	48,502	61,651	48,502	61,281
Total recoverable taxes and contributions	182,369	195,966	170,456	190,741
IRPJ	69,197	42,564	67,244	41,401
CSLL	6,833	4,990	6,139	4,903
Total recoverable income tax and social contribution	76,030	47,554	73,383	46,304
Total	258,399	243,520	243,839	237,045

11 Stock Exchange transactions

Refers to the balances receivable and payable of deposited amounts related to the premiums and adjustments paid or received in transactions with derivative instruments not settled on the Stock Exchange.

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities were allocated as follows:

Consolidated	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Intangible assets	14,974	14,974	-	-	14,974	14,974
Deferred exchange-rate change	97,254	42,436	-	-	97,254	42,436
Provisions	24,799	15,608	-	-	24,799	15,608
Adjustment to fair value	381	-	(25,654)	(27,483)	(25,273)	(27,483)
Depreciation	-	-	(64,170)	(65,699)	(64,170)	(65,699)
Tax loss carryforwards	197,130	201,054	-	-	197,130	201,054
Fair value of inventories	-	12,451	(5,016)	-	(5,016)	12,451
Derivatives	-	-	(40,650)	(14,234)	(40,650)	(14,234)
Deemed cost	-	-	(10,959)	(10,543)	(10,959)	(10,543)
Hedge from foreign investment	189,338	109,438	-	-	189,338	109,438
Other	51,804	56,531	-	-	51,804	56,531
Total	575,680	452,492	(146,449)	(117,959)	429,231	334,533
Parent company	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Intangible assets	14,974	14,974	-	-	14,974	14,974
Deferred exchange-rate change	95,486	41,390	-	-	95,486	41,390
Provisions	15,409	11,074	-	-	15,409	11,074
Adjustment to fair value	-	-	(25,654)	(26,580)	(25,654)	(26,580)
Tax loss carryforwards	153,910	164,005	-	-	153,910	164,005
Fair value of inventories	-	12,451	(5,016)	-	(5,016)	12,451
Derivatives	-	-	(30,056)	(14,166)	(30,056)	(14,166)
Hedge from foreign investment	189,173	108,593	-	-	189,173	108,593
Other	39,719	39,719	-	-	39,719	39,719
Total	508,671	392,206	(60,726)	(40,746)	447,945	351,460

Changes in temporary differences during the year:

Consolidated	2017	Recognized in income (loss)	Recognized in other comprehensive income	2018	Recognized in income (loss)	Recognized in other comprehensive income	2019
Intangible assets	14,974	-	-	14,974	-	-	14,974
Deferred exchange-rate change	10,921	31,515	-	42,436	54,818	-	97,254
Provisions	33,056	(17,448)	-	15,608	9,191	-	24,799
Adjustment to fair value	(21,516)	(5,967)	-	(27,483)	2,211	-	(25,272)
Depreciation	(47,207)	(18,492)	-	(65,699)	1,529	-	(64,170)
Tax loss carryforwards	195,746	5,308	-	201,054	(3,924)	-	197,130
Fair value of inventories	(6,155)	18,606	-	12,451	(17,467)	-	(5,016)
Derivatives	21,562	(35,796)	-	(14,234)	(26,416)	-	(40,650)
Deemed cost	(6,554)	(3,990)	-	(10,544)	(416)	-	(10,960)
Hedge from foreign investment	76,831	-	32,608	109,439	-	79,899	189,338
Other	26,460	30,071	-	56,531	(4,727)	-	51,804
Total	298,118	3,807	32,608	334,533	14,799	79,899	429,231

Parent company	2017	Recognized in income	Recognized in other comprehensive income	2018	Recognized in income (loss)	Recognized in other comprehensive income	2019
Intangible assets	14,974	-	-	14,974	-	-	14,974
Deferred exchange-rate change	12,193	29,197	-	41,390	54,096	-	95,486
Provisions	11,747	(673)	-	11,074	4,335	-	15,409
Adjustment to fair value	(21,484)	(5,096)	-	(26,580)	926	-	(25,654)
Tax loss carryforwards	192,495	(28,489)	-	164,006	(10,096)	-	153,910
Fair value of inventories	(5,821)	18,272	-	12,451	(17,467)	-	(5,016)
Derivatives	19,587	(33,753)	-	(14,166)	(15,890)	-	(30,056)
Hedge from foreign investment	78,241	-	30,351	108,592	-	80,581	189,173
Other	39,477	242	-	39,719	-	-	39,719
Total	341,409	(20,300)	30,351	351,460	15,904	80,581	447,945

Deferred tax 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.

13 Investments

The Company recorded a gain of R\$ 270,911 in the parent company and R\$ 3,760 in consolidated as of March 31, 2019 (gain of R\$ 230,671 in parent company and R\$ 19,709 in consolidated as of March 31, 2018) arising from equity in net income of its associated companies, subsidiaries and joint ventures in individual financial statements.

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

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	% interest	Number of shares/quotas	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Shareholders' equity	Revenues	Other income (losses)	Income or loss for the year	Equity in net income of subsidiaries	
													Parent company	Consolidated
2019														
Companhia Auxiliar de Armazéns Gerais (a)	100.00000	2,019,843	120,183	320,621	440,804	59,000	100,114	159,114	281,690	168,704	(125,171)	43,533	43,533	-
Copersucar Armazéns Gerais (a)	100.00000	3,512,925	19,845	-	19,845	565	-	565	19,280	17,690	(11,909)	5,781	5,781	-
TCE Participações (b)	50.00000	50,847,531	9,329	130,956	140,285	30,894	14,241	45,135	95,150	6,141	(11,693)	(5,552)	(2,776)	(2,776)
Copersucar Europe Spain (a)	100.00000	3,000	994,051	9	994,060	887,852	48	887,900	106,160	2,716,098	(2,609,435)	106,663	106,663	-
Copersucar Trading A.V.V. (a)	100.00000	24,253,702	477,766	116,873	594,639	233,585	-	233,585	361,054	3,247,523	(3,161,258)	86,265	86,265	-
Copersucar North America LLC (a)	100.00000	100	1,493,140	664,266	2,157,406	1,382,381	541,168	1,923,549	233,857	16,675,290	(16,649,119)	26,171	26,171	-
CTC-Centro de Tecnologia Canavieira S.A. (c)	16.93155	135,769	283,778	492,707	776,485	87,147	109,718	196,865	579,620	268,619	(244,980)	23,639	3,995	3,995
Uniduto Logística S.A. (c)	39.07370	207,819,638	58	104,756	104,814	7	-	7	104,807	1	(96,192)	(96,191)	(37,964)	(37,964)
Logum Logística S.A. (b)	30.00000	3,859,696,462	115,539	2,041,568	2,157,107	48,648	1,070,344	1,118,992	1,038,115	224,331	(331,630)	(107,299)	(20,720)	(20,720)
Alvean Sugar Intermediação e Agenciamento Ltda. (b)	50.00000	100,000	5,931	604	6,535	2,692	16	2,708	3,827	22,177	(18,658)	3,519	1,760	1,760
Alvean Sugar, S.L. (b)	50.00000	764,020	2,985,712	41,216	3,026,928	1,288,830	56,479	1,345,309	1,681,619	11,645,169	(11,528,763)	116,406	58,203	58,203
Terminal de Richmond, VA (b)	50.00000	-	3,694	9,843	13,537	577	-	577	12,960	2,524	-	2,524	-	1,262
													270,911	3,760
2018														
Companhia Auxiliar de Armazéns Gerais (a)	100.00000	2,019,843	84,449	332,987	417,436	52,065	116,645	168,710	248,726	190,075	(140,007)	50,068	50,068	-
Copersucar Armazéns Gerais (a)	99.99997	3,512,925	15,678	2,190	17,868	4,369	-	4,369	13,499	20,328	(16,722)	3,606	3,606	-
TCE Participações (b)	50.00000	50,847,531	10,349	135,738	146,087	15,717	29,668	45,385	100,702	1,770	(2,664)	(894)	(894)	(99)
Copersucar Europe Spain (a)	100.00000	3,000	675	-	675	-	-	-	675	104	(10)	94	94	-
Copersucar Trading A.V.V. (a)	100.00000	24,253,702	2,121,563	83,700	2,205,263	1,777,046	-	1,777,046	428,217	7,913,493	(7,725,176)	188,317	188,317	-
Copersucar North America LLC (a)	100.00000	100	1,057,478	600,709	1,658,187	931,218	551,452	1,482,670	175,517	14,263,680	(14,253,408)	10,272	10,272	-
CTC-Centro de Tecnologia Canavieira S.A. (c)	16.93155	135,769	196,915	591,200	788,115	85,474	146,821	232,295	555,820	219,333	(205,026)	14,307	2,422	2,422
Uniduto Logística S.A. (c)	39.07370	279,785,119	1,069	189,526	190,595	15	-	15	190,580	6	(206)	(200)	(78)	(78)
Logum Logística S.A. (b)	20.8174	2,798,713,392	63,844	1,994,133	2,057,977	1,031,575	327	1,031,902	1,026,075	218,220	(351,830)	(133,610)	(28,060)	(28,060)
Alvean Sugar Intermediação e Agenciamento Ltda. (b)	50.00000	100,000	10,168	586	10,754	2,426	21	2,447	8,307	22,513	(18,226)	4,287	2,143	2,143
Alvean Sugar, S.L. (b)	50.00000	764,020	3,314,169	25,174	3,339,343	1,954,010	40,483	1,994,493	1,344,850	15,195,852	(15,190,292)	5,560	2,780	2,780
Terminal de Richmond, VA (b)	50.00000	-	3,593	8,944	12,537	312	-	312	12,225	2,366	-	2,366	-	1,183
													230,671	(19,709)

- (a) Subsidiary
(b) Joint control
(c) Associate

The table below presents the breakdown of investments:

	Consolidated		Parent company	
	2019	2018	2019	2018
Copersucar Armazéns Gerais S.A.	-	-	19,280	13,498
Companhia Auxiliar de Armazéns Gerais	-	-	271,350	236,837
Logum Logística S.A.	311,435	201,650	311,435	201,650
Uniduto Logística S.A.	45,111	78,995	45,111	78,995
CTC - Centro de Tecnologia Canavieira S.A.	99,750	95,720	99,750	95,720
Copersucar North America LLC	-	-	233,855	175,515
Copersucar Trading A.V.V.	-	-	361,054	428,217
TCE Participações S.A.	47,575	50,351	47,575	50,351
Copersucar Europe Espanha	-	-	105,750	675
Alvean Sugar Intermediação e Agenciamento Ltda.	1,913	4,153	1,913	4,153
Alvean Sugar, S.L.	840,810	672,425	840,810	672,425
	<u>1,346,594</u>	<u>1,103,294</u>	<u>2,337,883</u>	<u>1,958,036</u>
Other unconsolidated investments - valued at fair value:				
Other investments	<u>11,808</u>	<u>10,431</u>	<u>133</u>	<u>133</u>
	<u>11,808</u>	<u>10,431</u>	<u>133</u>	<u>133</u>
Total investments	<u>1,358,402</u>	<u>1,113,725</u>	<u>2,338,016</u>	<u>1,958,169</u>

As of March 31, 2019, Logum completed the corporate restructuring process, whereby Copersucar SA obtained additional equity interest from former shareholders of Logum, without cash compensation, generating a net gains of R\$ 111 million matched against income (loss) for the year under "Other Operating Revenues" (Note 27).

At the end of these operations, the Company started to hold direct and indirect ownership interests of 30% and 3.91%, respectively, in Logum (20.81% and 4.07% in March 2018).

The indirect interest refers to investment of Copersucar S.A. in Logum through subsidiary Uniduto Logística S.A.

14 Property, plant and equipment

Consolidated	Land	Constructions and improvements	Machinery and equipment	Data processing equipment	Furniture and fixtures	Vehicles	Backing of products	Leasehold improvements	Construction in progress (i)	Total
Cost										
2018	15,471	67,180	380,684	2,956	11,203	41,809	1,459	318,319	53,888	892,969
Exchange-rate change	1,730	8,837	38,430	-	1,393	6,777	-	10,502	7,188	74,857
Additions	-	-	831	374	248	1,172	-	-	13,971	16,596
Write-offs	-	-	(747)	(121)	(19)	(3,152)	(1,459)	(105)	(710)	(6,313)
Transfers	-	757	6,632	-	-	-	-	2,406	(9,795)	-
2019	17,201	76,774	425,830	3,209	12,825	46,606	-	331,122	64,542	978,109
Depreciation										
2018	-	(9,846)	(128,692)	(2,040)	(7,232)	(11,715)	-	(70,417)	-	(229,942)
Exchange-rate change	-	(1,785)	(10,331)	-	(967)	(1,965)	-	(1,585)	-	(16,633)
Depreciation for the year	-	(5,448)	(27,862)	(731)	(1,226)	(3,959)	-	(15,184)	-	(54,410)
Write-offs	-	20	261	91	-	1,957	-	53	-	2,382
2019	-	(17,059)	(166,624)	(2,680)	(9,425)	(15,682)	-	(87,133)	-	(298,603)
Net book value										
2018	15,471	57,334	251,992	916	3,971	30,094	1,459	247,902	53,888	663,027
2019	17,201	59,715	259,206	529	3,400	30,924	-	243,989	64,542	679,506

(i) Construction in progress refers to:

(a) For Copersucar S.A. refers to expansion of projects of systemic functionalities;

(b) For Companhia Auxiliar de Armazéns Gerais refers to constructions and acquisitions for improvement in operations and security of Santos, Ribeirão Preto and São José do Rio Preto terminals. And for Eco-Energy Global Biofuels LLC refers to operating expansion projects, among which two new terminals, expected to be completed by the end of year 2020;

Parent company	Machinery and equipment	Data processing equipment	Furniture and fixtures	Vehicles	Construction in progress	Total
Cost						
2018	512	2,382	2,640	1,304	267	7,105
Additions	2	343	-	644	1,088	2,077
Write-offs	-	(113)	-	(658)	(131)	(902)
2019	<u>514</u>	<u>2,612</u>	<u>2,640</u>	<u>1,290</u>	<u>1,224</u>	<u>8,280</u>
Depreciation						
2018	(427)	(1,680)	(1,607)	(236)	-	(3,950)
Depreciation for the year	(58)	(147)	(184)	(125)	-	(514)
Write-offs	-	84	-	147	-	231
2019	<u>(485)</u>	<u>(1,743)</u>	<u>(1,791)</u>	<u>(214)</u>	<u>-</u>	<u>(4,233)</u>
Net book value						
2018	<u>85</u>	<u>702</u>	<u>1,033</u>	<u>1,068</u>	<u>267</u>	<u>3,155</u>
2019	<u>29</u>	<u>869</u>	<u>849</u>	<u>1,076</u>	<u>1,224</u>	<u>4,047</u>

15 Intangible assets

Consolidated	Software	Brands	Goodwill	Relationship with customers and other parties	Total
Cost					
2018	58,532	7,006	205,744	52,675	323,957
Exchange-rate change	3,275	1,257	35,463	9,714	49,709
Additions	1,837	-	-	-	1,837
2019	<u>63,644</u>	<u>8,263</u>	<u>241,207</u>	<u>62,389</u>	<u>375,503</u>
Amortizations					
2018	(46,029)	(3,445)	-	(26,970)	(76,444)
Exchange-rate change	(2,743)	(685)	-	(5,427)	(8,855)
Amortization for the year	(6,278)	(838)	-	(6,216)	(13,332)
2019	<u>(55,050)</u>	<u>(4,968)</u>	<u>-</u>	<u>(38,613)</u>	<u>(98,631)</u>
Book value					
2018	<u>12,503</u>	<u>3,561</u>	<u>205,744</u>	<u>25,705</u>	<u>247,513</u>
2019	<u>8,594</u>	<u>3,295</u>	<u>241,207</u>	<u>23,776</u>	<u>276,872</u>
Parent company			<i>Software</i>	Brands	Total
Cost					
2018			38,873	137	39,010
2019			<u>38,873</u>	<u>137</u>	<u>39,010</u>
Amortizations					

2018	(30,905)	-	(30,905)
Amortization for the year	(4,098)	-	(4,098)
2019	(35,003)	-	(35,003)
Net book value			
2018	7,968	137	8,105
2019	3,870	137	4,007

16 Suppliers

	Note	Consolidated		Parent company	
		2019	2018	2019	2018
Suppliers		761,361	537,373	38,331	33,659
Related parties	23	809,128	513,368	818,963	532,874
Total		1,570,489	1,050,741	857,294	566,533

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

The exposure of the Company to liquidity risks related to accounts payable to suppliers and other accounts payable, is disclosed in Note 21.

17 Loans and financing

This note provides information on contract terms of loans bearing interest, which are measured at the amortized cost. For more information on the Company's exposure to interest, foreign currency and liquidity risks, see Note 21.

Description	Currency Index		Average annual interest rate	Year of maturity	Consolidated		Parent company	
					2019	2018	2019	2018
Foreign direct loan	US\$	Pre-fixed rate	3.79%	2019-2020	469,674	900,439	469,674	422,405
Foreign direct loan	US\$	Pre-fixed rate/Libor	3.35%	2020-2021	687,942	797,963	687,942	797,963
Foreign direct loan	EUR	Pre-fixed rate	0.98%	2021	81,886	-	50,968	-
Working capital	US\$	Pre-fixed rate	4.53%	2019-2023	-	356,115	-	-
Working capital	US\$	Pre-fixed rate/Libor	4.58%	2020-2023	748,301	301,635	-	-
NCE - Export Credit Note	R\$	CDI	12.20%*	2019-2022	314,690	404,882	314,690	404,882
NCE - Export Credit Note	R\$	Pre-fixed rate/CDI	10.05%*	2019-2021	402,049	607,261	402,049	607,261
CRA - Certificate of Agribusiness receivables	R\$	CDI	6.93%*	2019-2020	350,230	348,371	350,230	348,371
CDCA - Agribusiness credit receivables certificate	R\$	CDI	8.10%*	2019-2022	1,830,330	753,839	1,830,330	753,839
CCB - Bank Credit Bill	R\$	CDI	7.47%*	2019-2020	252,282	249,590	252,282	249,590
NPR - Rural Product Bill	R\$	Pre-fixed rate	5.15%*	2018	-	39,360	-	39,360
BNDES-FINEN	R\$	Pre-fixed rate/TJLP	8.67%	2019-2024	58,294	55,933	-	-
BNDES-FINEN	R\$	Pre-fixed rate	2.50%	2019-2022	1,893	15,674	-	-
BNDES-FINEN	R\$	TJLP	7.03%	2019-2024	217	-	-	-
Total loans and financing					5,197,788	4,831,062	4,358,165	3,623,671
Current liabilities					547,375	1,278,532	296,784	651,711
Non-current liabilities					4,650,413	3,552,530	4,061,381	2,971,960

(*) Including operating costs.

Terms and schedule of debt amortization

Terms and conditions of outstanding loans are as follows:

Consolidated	2019		2018	
	Book value	Fair value	Book value	Fair value
Export credit note	716,739	721,319	1,012,143	1,036,029
Foreign direct loan	1,239,502	1,239,524	1,698,402	1,860,470
Working capital	748,301	760,806	657,750	662,822
CRA - Certificate of Agribusiness receivables	350,230	352,462	348,371	353,254
BNDES-FINEN	60,404	60,404	71,607	71,607
CDCA - Agribusiness credit receivables certificate	1,830,330	1,874,280	753,839	768,228
CCB - Bank Credit Bill	252,282	255,715	249,590	261,550
NPR - Rural Product Bill	-	-	39,360	39,988
Total	5,197,788	5,264,510	4,831,062	5,053,948
Parent company	2019		2018	
	Book value	Fair value	Book value	Fair value
Export credit note	716,739	721,319	1,012,143	1,036,029
Foreign direct loan	1,208,584	1,208,584	1,220,368	1,383,357
CRA - Certificate of Agribusiness receivables	350,230	352,462	348,371	353,254
CDCA - Agribusiness credit receivables certificate	1,830,330	1,874,280	753,839	768,228
CCB - Bank Credit Bill	252,282	255,715	249,590	261,550
NPR - Rural Product Bill	-	-	39,360	39,988
Total	4,358,165	4,412,360	3,623,671	3,842,406

Maturities of the principal and interest of loans and financing as of March 31, 2019

	Consolidated Parent company	
Up to 6 months	86,221	78,960
6-12 months	461,154	217,824
1-2 years	3,700,347	3,150,831
2-5 years	950,066	910,550
Total	5,197,788	4,358,165

The Company and its subsidiaries have non-financial covenants in loan and financing agreements in effect which were complied with. There are no agreements in force with restrictive clauses (covenants) related to financial indicators.

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\$ 4,491,409 is guaranteed by the related party - Cooperative (refer to Note 23).

(i) Reconciliation of equity changes with cash flows from financing activities:

Consolidated	<u>Assets</u>	<u>Liabilities</u>	<u>Shareholders' equity</u>		
	Financial instruments (Net assets)	Bank loans	Profit reserve	Additional dividend	Total
2018	274,969	4,831,062	11,233	40,546	5,157,810
Loans and financing obtained	-	2,125,183	-	-	2,125,183
Payments of loans and financing	-	(2,165,437)	-	-	(2,165,437)
Financial instrument loss	11,526	-	-	-	11,526
Dividends paid	-	-	(1,454)	(40,546)	(42,000)
Total changes in financing cash flows	11,526	(40,254)	(1,454)	(40,546)	(70,728)
Other changes					
Interest and exchange rate on loans and financings	-	640,828	-	-	640,828
Interest paid on loans and financing	-	(282,117)	-	-	(282,117)
Other changes	(195,535)	48,269	1,454	-	(145,812)
Other change total	(195,535)	406,980	1,454	-	212,899
2019	90,960	5,197,788	11,233	-	5,299,981

18 Taxes and contributions payable

	<u>Consolidated</u>		<u>Parent company</u>	
	2019	2018	2019	2018
ICMS	51,446	46,159	25,506	9,661
ISS	812	791	29	25
Other	2,074	2,392	30	-
Total current	54,332	49,342	25,565	9,686
Taxes in installments	-	63	-	-
Total non-current	-	63	-	-
Total	54,332	49,405	25,565	9,686

19 Advances from clients

	Note	Consolidated		Parent company	
		2019	2018	2019	2018
Customers domestic market		750	1,021	623	918
Foreign market clients		-	1,350	-	-
Related parties	23	776,858	978,912	-	-
Total		777,608	981,283	623	918

The aforementioned advances of the related party Alvean Sugar S.L., in the amount of R\$ 776,858 on March 31, 2019, are prepayments of products not yet shipped by the Company (R\$ 978,912 as of March 31, 2018).

20 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	Labor	Total
2017	15,490	2,471	17,961	169	169
Provisions formed and restatements during the year	415	2,224	2,639	510	510
Provisions used during the year	-	(2,260)	(2,260)	-	-
2018	15,905	2,435	18,340	679	679
Provisions formed and restatements during the year	312	3,693	4,005	1,461	1,461
Provisions used during the year	-	(2,102)	(2,102)	(1,512)	(1,512)
2019	16,217	4,026	20,243	628	628

In relation to the contingencies presented above, there are judicial deposits for the Consolidated and Parent Company totaling R\$ 96,892 and R\$ 81,737, respectively on March 31, 2019 (R\$ 53,752 and R\$ 38,999 - March 31, 2018).

The Company has other tax, civil and labor lawsuits and based on the evaluations carried out by legal advisors, they have a risk of possible loss and financial losses were measured in the amount of R\$ 128,272 as of March 31, 2019 (R\$ 152,658 as of March 31, 2018).

21 Financial instruments

a. Classification of financial instruments and fair value

During the years ended March 31, 2019 and 2018, 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	Book value		Fair value		
	2019	2018	2019	2018	
Fair value (a)					
Cash and cash equivalents	1,975,453	1,669,443	1,975,453	1,669,443	
Inventories	1,964,914	2,074,146	1,964,914	2,074,146	
Stock exchange derivatives	5,463	58,212	5,463	58,212	
Unrealized derivative financial instruments – assets	653,435	591,838	653,435	591,838	
Stock exchange derivatives	2,963	1	2,963	1	
Unrealized derivative financial instruments - liabilities	562,475	316,869	562,475	316,869	
Amortized cost					
Trade accounts receivable	1,360,827	972,500	1,360,827	972,500	
Advances to suppliers	60,561	63,845	60,561	63,845	
Other accounts receivable	101,623	59,012	101,623	59,012	
Suppliers	1,570,489	1,050,741	1,570,489	1,050,741	
Loans and financing	5,197,788	4,831,062	5,264,510	5,053,948	
Advances from clients	777,608	981,283	777,608	981,283	
Related parties	1,001	-	1,001	-	
Other accounts payable	76,576	41,757	76,576	41,757	
Parent company					
		Book value		Fair value	
		2019	2018	2019	2018
Fair value (a)					
Cash and cash equivalents	1,664,633	891,471	1,664,633	891,470	
Inventories	772,738	1,028,275	772,738	1,028,275	
Stock exchange derivatives	91	12,192	91	12,192	
Unrealized derivative financial instruments – assets	332,300	273,803	332,300	273,803	
Stock Exchange transactions	2,962	-	2,962	-	
Unrealized derivative financial instruments - liabilities	280,245	227,740	280,245	227,740	
Amortized cost					
Trade accounts receivable	551,589	432,085	551,589	432,085	
Advances to suppliers	9,106	9,447	9,106	9,447	
Other accounts receivable	27,769	17,408	27,769	17,408	
Granted loans - related parties	5,520	5,614	5,520	5,614	
Suppliers	857,294	566,533	857,294	566,533	
Loans and financing	4,358,165	3,623,670	4,412,360	3,842,406	
Advances from clients	623	918	623	918	
Other accounts payable	50,843	29,396	50,843	29,396	

- (a) the table above provides an analysis of financial instruments that are measured at fair value after first-time recognition, grouped in Level 2 based on the observable level of fair value. The descriptions of the hierarchies are shown in note 3 d.

Fair values are substantially equivalent to book values presented in the balance sheet.

b. Risk management

The Company is exposed to market risk, which include changes in interest and foreign exchange rates, commodities prices, credit/counterparty risk and operating risk. Currently, the risk management policy identifies and reclassifies the priority ones, analyzing and monitoring them on a structured basis. Capital expenditure limits are approved by the Board of Directors; and all the exposures are reported and measured with proper frequency.

Risk management policy

The risk management area calculates, monitors and reports the main risks incurred by Copersucar to the business areas, Executive Board and Audit Committee, Risk and Finance Management (Committee); provides the information required to establish risk limits to the Committee and Management Board; and operates on a proactive basis with the business areas, conducting risk simulations, recommending actions, and supporting the development of business strategies. The Risk Management area reports directly to the CFO, as part of the Company's corporate government structure. The Committee reports regularly to the Board of Directors about its activities, which is responsible for establishing and supervising the Company's risk management structure.

The risk management policy is established from the identification and analysis of risks that the Company faces, to define capital limits, exposures and controls, and to monitor risks and adherence to the preestablished limits. The risk management policy and process are revised on an annual basis, or timely whenever necessary, aiming at reflecting changes in the market conditions and in the Company's activities that, by means of its training and management policies and procedures, aims at developing a disciplined and constructive control environment, through a risk culture.

Audit, Risk Management and Finance Committee

The Audit, Risk and Finance Management Committee is composed of at least three (3) and at most six (6) members, all members of the Board of Directors and/or Advisory Board and/or appointed by them, elected by the Board of Directors for a term of office of two (2) years, and successive terms of office are permitted.

The members meet with the frequency established by the Board of Directors, and there may be extraordinary calls whenever they are justifiable to monitor and discuss the strategies that are being implemented. Any change in the Risk Global Policy or in the Financial Policies (Financial Policy of S.A. and Indebtedness Policy of S.A.) 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:

- Accompany the mapping of all risks existing in the Company's business;
- Guarantee the adherence of risks incurred with the Risk Global Policy;
- Recommend actions to internally disseminate the risk sensitiveness culture;
- Report to the Chairman of the Board of Directors non-compliance with standards and regulations assessed as of high risk;

- Discuss, together with the risk management area, the initial assumptions for establishing risk limits, considering the definition of risk appetite and business strategies established by the Board of Directors;
- Define the risk limits and send, through the CFO, for resolution and approval of the Board of Directors;
- Follow up and discuss internal controls, reports, pending items and issues referring to internal and external audit work; and
- Define and follow-up with the internal audit the Company's internal audit plan.
- Assess the proposal for the annual budgetary plan, recommending possible adjustments in view of the directives issued by the Board of Directors:
 - (a) Monitor the Company's investment evaluations, particularly regarding return terms;
 - (b) Evaluate the Company's capital structure regarding safety, optimization of costs and needs for financing of operations and investments;
 - (c) Monitor the Company's indebtedness regarding risks involved and the directives established by the Board of Directors; and
 - (d) Monitor technical procedures that guide the Company's financial investments regarding depository institutions, profitability, liquidity and risks involved.
- Monitor technical procedures that guide the Company's financial investments regarding depository institutions, profitability, liquidity and risks involved.

The Internal Audit is responsible for evaluating deviations and potential threats to business based on the Company's risk assessment matrix, which is prepared together with the Internal Controls area. It is responsible for conducting analyses of the Company's financial, operating, strategic, reputation, IT, and compliance risks, in addition to presenting suggesting for improvements and following-up the respective action plans.

Credit risk

It is the risk of Company's financial loss if a client or a counterpart fails to fulfill its contractual obligations arising mainly from Company's trade accounts receivable and investments.

In order to reduce this risk, Copersucar adopts the practice of performing a detailed analysis of the equity and financial position of its clients, establishing a credit limit for term purchases, permanently following up their debt balance. The Company has a Credit Committee comprised by the Commercial, Financial and Risk Management that evaluate such credit requests.

The analyses are valid for up to one year and are basically composed of three parameters: (i) quantitative analysis, including a judicious evaluation of economic and financial indexes related to indebtedness, liquidity, profitability and operating cycles, among others, related to balance sheets for the three last fiscal years; (ii) quantitative analysis that should include a corporate structure, consultation to tax bodies, Sintegra, Federal Revenue Service and the contracted company that provides solutions for Credit Checking, technical visit report, client's relevance in the sector it operates, time in the market, trade references, list of main suppliers, list of assets of the company and/or partners; and (iii) analysis of guarantees, examined by the Financial and Legal areas, at the management's discretion.

(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, customer 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 clients, receipt period is 59 days for sugar; while for ethanol sales, 70% of clients pay within 48 days and remaining 30% pay at sight. As regards accounts receivable from foreign market, including Latin America, approximately 80% of export processes pay them using *Cash Against Documents*.

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

	Consolidated		Parent company	
	2019	2018	2019	2018
Demand deposits	323,040	741,105	102,174	5,867
Investment fund	391,215	483,868	391,215	483,868
Interest earning bank deposits	1,261,168	444,445	1,171,214	401,711
Trade accounts receivable	1,360,827	972,500	551,589	432,085
Advances to suppliers	60,561	63,845	9,106	9,447
Stock Exchange transactions	5,463	58,212	91	12,192
Unrealized derivative financial instruments - assets	653,435	591,838	332,300	273,803
Other accounts receivable	101,623	59,012	27,769	17,408

Financial investment 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\$ 232,000 thousand of receivables on March 31, 2019 (R\$ 160,000 on March 31, 2018), and during these periods relevant exchanges occurred between clients.

Impairment losses

Trade accounts rec mature as follows:

Consolidated	2019		2018	
	Gross	Estimated losses	Gross	Estimated losses
Not overdue	1,271,053	-	910,577	-
Overdue (days):				
0-30	93,470	(12,973)	64,663	(11,066)
31-120	2,155	-	2,610	-
>120	7,122	-	6,320	(604)
Total	1,373,800	(12,973)	984,170	(11,670)

Parent company	2019		2018	
	Gross	Estimated losses	Gross	Estimated losses
Not overdue	495,640	-	383,097	-
Overdue (days):				
0-30	55,949	-	46,782	-
31-120	-	-	1,168	-
>120	-	-	1,642	(604)
Total	551,589	-	432,689	(604)

The expense on the formation of estimated credit losses was recorded under “Sales expenses” caption in the statement of income. Whenever provisioned amounts is 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. 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
2019						
Suppliers	1,570,489	1,570,489	-	-	-	-
Loans and financing	5,197,788	86,220	461,155	3,700,347	950,066	-
Advance from clients	777,608	777,608	-	-	-	-
Unrealized derivative financial instruments:						
- NDF	311,444	11,994	223,200	10,495	65,755	-
- Swap	5,351	-	2,143	777	2,431	-
- Commodity future	245,680	-	245,680	-	-	-
Other accounts payable	76,576	75,167	-	1,409	-	-
2018						
Suppliers	1,050,741	1,050,741	-	-	-	-
Loans and financing	4,831,062	1,094,742	183,790	1,643,986	1,903,235	5,309
Advance from clients	981,283	981,283	-	-	-	-
Unrealized derivative financial instruments:						
- NDF	206,590	206,590	-	-	-	-
- Swap	8,428	4,915	-	1,642	1,871	-
- Commodity future	101,851	93,341	-	8,510	-	-
Other accounts payable	41,757	39,198	-	2,559	-	-
Parent company						
2019						
Suppliers	857,294	857,294	-	-	-	-
Loans and financing	4,358,165	78,960	217,824	3,150,831	910,550	-
Advance from clients	623	623	-	-	-	-
Unrealized derivative financial instruments:						
- NDF	247,067	10,916	157,471	12,925	65,755	-
- Swap	3,208	-	-	777	2,431	-
- Commodity future	29,970	-	29,970	-	-	-
Other accounts payable	49,036	34,872	-	14,164	-	-

Parent company	Contractual cash flow	6 / < months	6-12 months	1-2 years	2-5 years	>5 years
2018						
Suppliers	566,533	566,533	-	-	-	-
Loans and financing	3,623,671	609,401	42,310	1,630,419	1,341,541	-
Advance from clients	918	918	-	-	-	-
Unrealized derivative financial instruments:						
- NDF	206,052	206,052	-	-	-	-
- Swap	8,428	4,915	-	1,642	1,871	-
- Commodity future	13,259	13,259	-	-	-	-
Other accounts payable	29,396	15,884	-	13,512	-	-

Market risk

Market risk represents the likelihood of financial losses to which the Company is exposed, resulting from changes in prices and/or market rate, whether they are, volatility on commodities price, foreign exchange or 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 purchases and sells derivatives to hedge its exposures, and meets its financial obligations to properly manage its market risks. All these actions are conducted according to guidelines established in Company's Global Risk Policy which is established by 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 in currency in which sales, purchases and loans and investments are denominated and the Company's respective functional currency is Reais.

The Company uses Over-the-counter Contracts to hedge its 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 USD are hedged using swap contracts, over-the-counter contracts or are offset against assets indexed at the same currency.

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 Executives of the Company and Audit and Risk Committee.

The Company's Global Risk Policy determines that there must be no exposure to foreign exchange risks.

A. Hedge accounting of foreign investment

The Company uses financial instruments (NDF - Non-Deliverable Forward) to hedge the exchange-rate change in investments in its Subsidiary in Spain - Alvean and Copersucar North America, which functional currency is dollar.

B. Cash flow hedge

The subsidiary Companhia Auxiliar de Armazéns Gerais has cash flow hedge to cover exposure to changes in the exchange rate of the agreement entered into with Alvean Sugar S.L.

Copersucar S.A. has NDF hedge account against foreign exchange variations with impact on assets and liabilities in foreign currency.

Copersucar S.A. has swap hedge accounting to hedge against its exposure of exchange-rate change in debts in dollar pegged to the Libor interest rate, pre fixed (or not) plus exchange-rate change due to debts in CDI.

Foreign exchange exposure

The Company's exposure to foreign currency is substantially linked to changes in the Dollar rate on the following basis dates:

Consolidated	2019	2018
Assets		
Cash and cash equivalents	273,149	693,389
Trade accounts receivable	181,215	322,672
Inventories	932,924	921,813
Advances to suppliers	20,333	7,704
Stock Exchange transactions	32	2,343
Unrealized derivative financial instruments	-	-
Other accounts receivable	5,017	83,700
Investments	1,074,665	847,940
Liabilities		
Suppliers	(9,557)	(239,303)
Loans and financing	(1,127,668)	(1,698,402)
Advance from clients	(875,172)	(912,566)
Social charges and labor legislation obligations	(35)	-
Taxes and contributions payable	(49)	-
Stock Exchange transactions	(1)	(1)
Other accounts payable	(9,823)	(7,884)
Gross exposure of the shareholders' equity	465,030	21,405
Notional derivatives contracted to hedge against the foreign exchange risk	<u>(754,457)</u>	<u>(272,570)</u>
Net exposure	<u>(289,427)</u>	<u>(251,165)</u>
Parent company	2019	2018
Assets		
Trade accounts receivable	73,210	101,658
Inventories	136,596	230,768
Investments	1,074,665	847,940
Liabilities		
Suppliers	(241,762)	(229,490)
Loans and financing	(1,208,585)	(1,220,368)
Gross exposure of the shareholders' equity	<u>(165,876)</u>	<u>(269,492)</u>
Notional derivatives contracted to hedge against the foreign exchange risk	<u>176,430</u>	<u>(228,530)</u>
Net exposure	<u>10,554</u>	<u>(498,022)</u>

Amounts below comprise the Notional balance presented above:

Description	Maturity	Consolidated		Parent company	
		2019	2018	2019	2018
Foreign Exchange NDF (Investment and Goods)	2019-2021	(1,964,374)	(1,482,433)	(1,003,938)	(1,438,393)
Swap Foreign exchange	2019-2020	1,209,917	1,209,863	1,180,368	1,209,863
Total		<u>(754,457)</u>	<u>(272,570)</u>	<u>176,430</u>	<u>(228,530)</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 change 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, 2019 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.

Consolidated	Scenarios		
	Probable	Possible	Remote
Foreign exchange risk			
Scenarios and price levels	-2.48% (3.8000 BRL/USD)	25% (4.8709 BRL/USD)	50% (5.8451 BRL/USD)
Assets	(61,725)	621,850	1,243,699
Liabilities	50,185	(505,589)	(1,011,177)
Derivatives	<u>18,723</u>	<u>(188,619)</u>	<u>(377,238)</u>
Total effects	<u>7,183</u>	<u>(72,358)</u>	<u>(144,716)</u>

Brazilian Real appreciation against currencies above, on March 31, 2019, would have the same effect in the 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 price is formed by the CEPEA/ESALQ index. This turns them into the main portfolio risk factors. Net exposure of sugar purchases and sales is managed and hedged by means of *Sugar #11/ICE* derivative financial instruments (future or over-the-counter) referred to the same stock exchange. Regarding ethanol, due to the lack of net derivative financial instruments for hedge, its exposure is managed/monitored so as to limit its exposure to the price change risk. Monitoring of exposure and risks is carried out through limits pre-established by the Board of Directors.

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

To minimize the risk and volatility effects of the changes in commodity prices, particularly related to ethanol, natural gas and other commodities, the subsidiary Eco-Energy uses several derivative financial instruments, including futures traded in stock exchanges or over-the-counter, swaps and option contracts. Eco-Energy monitors and manages this exposure following its risk management global policy. As such, the Company seeks to reduce the potentially negative effects that the volatility of these markets may have on its operating income (loss).

Commodities risk

Consolidated	Volume		Notional	
	2019	2018	2019	2018
Forward contracts				
Long position				
Goods				
Sugar (tons)	2,887,750	166,219	140,605	118,175
Ethanol (m3)	5,202,771	3,580,184	6,662,941	4,536,255
Gasoline (m3)	102,006	4,293	3,031	6,128
Corn (bushel)	94,207	280,645	98,994	303,810
RIN/LCFS (credit unit/gallon per RIN)	65,760	2,338	237,133	43,808
Natural gas (mmbtu)	217,000	95,116	1,383,014	769,861
Derivatives - swap (m3)	60,103	62,035	108,078	94,911
Total			8,633,796	5,872,948
Future contracts (Forward)				
Short position				
Goods				
Sugar (ton)	(2,803,271)	(160,382)	(138,085)	(192,754)
Ethanol (m3)	(5,477,627)	(4,213,222)	(7,030,895)	(5,485,516)
Gasoline (m3)	(76,142)	(15,740)	(29,975)	(21,358)
Corn (bushel)	(409,742)	(10,546)	(322,369)	(363,087)
RIN/LCFS (credit unit/gallon per RIN)	(75,930)	(3,771)	(316,463)	(109,870)
Natural gas (mmbtu)	(159,135)	(113,780)	(1,627,862)	(966,165)
Derivatives - swap (m3)	(65,115)	(74,005)	(108,452)	(108,343)
Total			(9,574,101)	(7,247,093)

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

- a.** Futures 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 permits to operate with other financial instruments, considering certain restrictions, currently the Company does not hold them in its 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 and future contracts, measurement at fair value is given by 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 customers and suppliers is carried at the market price on basis date. To determine market prices, the same setting indicators are used, that is Sugar #11/ICE quotations for 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.

Forward contracts include balances related to the Supply Agreement with the Cooperative (see note 22) as well as balances related to sales to the foreign and domestic market. These volumes represent contract portion whose price is already defined according to CEPEA methodology. The calculation also considers the assumptions of pure change in FOB prices (freight costs and increases), which are adjusted to the CEPEA/ESALQ Raw Sugar price index.

Sensitivity analysis for commodities 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 change over the following 12 months. The assumptions adopted is the percentage of sugar price for all commodities. The scenarios: Possible and Remote scenarios are those proposed by CVM Instruction no. 475/08.

Used methodology was to recalculate fair value with the change of each scenario on market rate as of March 31, 2019.

	Scenarios		
	Probable	Possible	Remote
Commodities price risk			
Scenarios and price levels	1.3%	-25%	-50%
Non-derivative	1,567	(32,943)	(61,375)
Derivatives	<u>(3,382)</u>	<u>66,219</u>	<u>132,438</u>
Total effects	<u>(1,815)</u>	<u>33,276</u>	<u>71,063</u>

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

(ii) **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 interest 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

	Consolidated		Parent company	
	2019	2018	2019	2018
Financial assets	1,698,395	917,129	1,608,441	483,868
Financial liabilities	4,644,118	3,519,474	3,837,523	3,161,906

The Company does not perform sensitivity analysis for financial instruments linked to interest variable rates, as 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, 2019 and 2018 that affected balance sheet, and amounts that affected the Company's accumulated income on those dates:

Consolidated	2019			2018		
	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>	400,162	245,680	(457,225)	159,055	101,851	(53,013)
	400,162	245,680	(457,225)	159,055	101,851	(53,013)
<i>Non deliverable forwards</i>	171,610	311,444	11,162	400,298	206,590	5,414
SWAP	81,663	5,351	(47,839)	32,485	8,428	(65,738)
	253,273	316,795	(36,677)	432,783	215,018	(60,324)
Total	653,435	562,475		591,838	316,869	
Current	568,240	478,349		571,731	304,845	
Non-current	85,195	84,126		20,107	12,024	
Parent company	2019			2018		
	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>	80,573	29,970	(17,657)	81,526	13,259	12,138
	80,573	29,970	(17,657)	81,526	13,259	12,138
<i>Non deliverable forwards</i>	171,106	247,067	14,939	159,792	206,053	2,851
SWAP	80,621	3,208	(47,180)	32,485	8,428	(59,930)
	251,727	250,275	(32,241)	192,277	214,481	(57,079)
Total	332,300	280,245		273,803	227,740	
Current	257,229	201,565		265,743	224,225	
Non-current	75,071	78,680		8,060	3,515	

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, 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 sundry financial instruments: 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 Cooperative, are also part of financial instruments' portfolio. The following hedging instruments are used for this purpose: Exchange swap, transactions with NDF - *Non-Deliverable Forwards*, futures and options of commodities and currency.

22 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, 2019, sugar contracted volume is 3,227 thousand tons (3,880 thousand tons on March 31, 2018) and ethanol contracted volume is 2,658 thousand m³ as of March 31, 2019 (2,797 thousand m³ on March 31, 2018).

Purchasing

In accordance with the contract entered into by the Company and its related party - Cooperative, committed volumes on March 31, 2019 were 3,497 thousand tons of sugar (4,705 thousand tons as of March 31, 2018) and 4,486 thousand m³ of ethanol (3,886 thousand m³ as of March 31, 2018).

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.

23 Related parties

Parent company and part of the final parent company

The Company's final controlling parties are the following groups:

Shareholders - Group	EIN	Number of common shares	Number of preferred shares	Total shares	% Interest
Açucareira Quatá S.A.	60.855.574/0001-73	151,017,581	3	151,017,584	12.2298%
Caçu Comércio e Indústria de Açúcar e Álcool Ltda.	07.996.345/0001-96	26,298,496	1	26,298,497	2.1297%
COCAL - Comércio e Indústria Canaã Açúcar e Álcool Ltda.	44.373.108/0001-03	111,481,189	1	111,481,190	9.0280%
Companhia Agrícola Usina Jacarezinho	61.231.478/0001-17	30,202,994	1	30,202,995	2.4459%
Companhia Melhoramentos Norte do Paraná	61.082.962/0001-21	36,967,440	2	36,967,442	2.9937%
Ferrari Agroindústria S.A.	54.846.951/0001-05	44,500,198	1	44,500,199	3.6037%
Ipiranga Agroindustrial S.A.	07.280.328/0001-58	88,518,269	2	88,518,271	7.1684%
Irmãos Toniello Ltda.	71.321.566/0001-63	9,373,113	1	9,373,114	0.7591%
J. Pilon S.A. - Açúcar e Álcool	47.254.396/0001-67	21,068,650	1	21,068,651	1.7062%
Pedra Agroindustrial S.A.	71.304.687/0001-05	142,961,470	1	142,961,471	11.5774%
Pioneiros Bioenergia S.A.	51.096.477/0001-53	22,287,371	1	22,287,372	1.8049%
Pitangueiras Açúcar e Álcool Ltda.	44.870.939/0001-82	32,753,726	1	32,753,727	2.6525%
UMOE Bioenergy S.A.	03.445.208/0001-02	30,933,464	1	30,933,465	2.5051%
Usina Açucareira Furlan S.A.	56.723.257/0001-26	30,894,483	1	30,894,484	2.5019%
Usina Açucareira S. Manoel S.A.	60.329.174/0001-24	55,900,455	1	55,900,456	4.5270%
Usina Cerradão Ltda.	08.056.257/0001-77	38,726,057	1	38,726,058	3.1361%
Usina Rio Verde Ltda.	02.043.917/0001-07	5,980,744	1	5,980,745	0.4843%
Usina Santa Adélia S.A.	50.376.938/0001-89	65,493,715	1	65,493,716	5.3038%
Usina Santa Lúcia S.A.	44.207.249/0001-48	18,350,995	1	18,350,996	1.4861%
Usina Santo Antônio S.A.	71.324.784/0001-51	42,882,712	1	42,882,713	3.4727%
Usina São Francisco S.A.	71.324.792/0001-06	9,742,252	1	9,742,253	0.7890%
Usina São José da Estiva S.A. - Açúcar e Álcool	53.172.300/0001-14	46,119,353	1	46,119,354	3.7349%
Usina São Luiz S.A.	53.408.860/0001-25	33,004,229	1	33,004,230	2.6728%
Usina Uberaba S.A.	07.674.341/0001-91	24,500,262	1	24,500,263	1.9841%
Viralcool Açúcar e Álcool Ltda.	53.811.006/0001-05	61,575,209	1	61,575,210	4.9865%
Ações em Tesouraria	10.265.949/0001-77	53,300,056	8	53,300,064	4.3164%
		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, Controllership and Relations with Plants, Legal and Governance, Human Resources and Strategic Management and Ownership Interests.

Remuneration of key management personnel includes:

	Consolidated		Parent company	
	2019	2018	2019	2018
Short-term employee benefits (a)	9,286	7,327	9,286	7,327
Post-employment benefits	2,136	1,701	2,136	1,701
Total	11,422	9,028	11,422	9,028

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

Other related party balances

Note	Consolidated		Parent company	
	2019	2018	2019	2018
Current assets				
Accounts receivable				
Arrepar Participações	76	-	76	-
Imocop Empreendimentos e Participações S.A	86	-	86	-
Cooperativa de Produtores de Cana de Açúcar, Açúcar e Álcool do Estado de SP	43,108	15,508	43,013	14,610
Companhia Auxiliar de Armazéns Gerais	-	-	1,072	1,023
Copersucar Trading A.V.V. Alvean Sugar Intermediação e Agenciamento Ltda.	-	-	93,228	74,981
Alvean Sugar S.L.	234	209	234	209
Copersucar Armazéns Gerais S.A.	15,281	2,339	1,770	-
Terminal de Combustíveis Paulínia	-	-	-	189
Copersucar Europe	136	-	136	-
Total	8	58,921	18,056	162,271
Dividends receivable				
Companhia Auxiliar de Armazéns Gerais	-	-	-	11,891
CTC Centro de Tecnologia Canivieira	920	-	920	-
Total	920	-	920	11,891
Non-current assets				
Granted loans and others				
Companhia Auxiliar de Armazéns Gerais	-	-	-	499
Copersucar Armazéns Gerais	-	-	-	161
Sugar Express Transportes S.A.	-	-	5,520	4,954
Total	-	-	5,520	5,614
Current liabilities				
Suppliers				
Cooperativa de Produtores de Cana de Açúcar, Açúcar e Álcool do Estado de SP	807,273	509,553	602,237	311,718
Copersucar Trading A.V.V.	-	-	216,599	221,156
Copersucar Armazéns Gerais S.A.	-	-	-	-
Terminal de Combustíveis Paulínia	-	-	127	-
Alvean Sugar S.L.	1,855	3,815	-	-
Total	16	809,128	513,368	818,963
Advance from clients				
Alvean Sugar S.L.	19	776,858	978,912	-

Other related party transactions

	Consolidated		Parent company	
	2019	2018	2019	2018
Value of the transaction for the year				
Sale of goods				
Copersucar Trading A.V.V.	-	-	111,922	174,564
Alvean Sugar S.L.	1,684,850	4,012,852	-	28,210
Total	1,684,850	4,012,852	111,922	202,774
Sale of services				
Cooperativa de Produtores de Cana de Açúcar, Açúcar e Álcool do Estado de SP	6,290	6,413	-	-
Alvean Sugar Intermediação e Agenciamento Ltda.	2,284	2,368	2,284	2,368
Alvean Sugar S.L.	141,230	76,904	29,088	34,418
Total	149,804	85,685	31,372	36,786
Product acquisition				
Copersucar Trading A.V.V.	-	-	(167,908)	(279,786)
Cooperativa de Produtores de Cana de Açúcar, Açúcar e Álcool do Estado de SP	(11,259,607)	(11,748,540)	(8,391,967)	(7,318,545)
Companhia Auxiliar de Armazéns Gerais	-	-	-	-
Alvean Sugar S.L.	(351,538)	(1,938,378)	-	-
Total	(11,611,145)	(13,686,918)	(8,559,875)	(7,598,331)
Acquisition of Services				
Copersucar Armazéns Gerais S.A.	-	-	(1,421)	(6,623)
Companhia Auxiliar de Armazéns Gerais	-	-	(4,769)	-
Total	-	-	(6,190)	(6,623)
Financial - Interest receivable				
Companhia Auxiliar de Armazéns Gerais	-	-	-	46
Sugar Express Transportes S.A.	-	-	325	392
Total	-	-	325	438

Related-party transactions are transactions carried out between the Parent company and its direct and indirect subsidiaries or other related parties (Cooperative) 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; property rental; and transfer of shared expenses.
- **Liability values** - Purchase of products and services.

Supply contract with Cooperative

The Company has exclusivity agreements, a three-year term, being renewed each crop year.

Guarantee of products supply is linked to continuity of contract with Cooperative. 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 Cooperative 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 Cooperative.

Sugar supply agreement for Alvean Sugar S.L.

The Company has a sugar supply agreement through its subsidiary Copersucar Trading A.V.V. with Alvean Sugar S.L., effective as from October 2014, with no established termination term.

The agreement aims at guaranteeing the supply of sugar from Copersucar Trading A.V.V. to Alvean Sugar S.L., where the parties agreed that Copersucar Trading A.V.V. undertakes to sell exclusively to Alvean, and it undertakes to purchase 100% of the production quota in each crop year. Prices practiced in this contract are related to CEPEA/ESALQ index (equivalents in USD).

Guarantees or collateral signatures received from related parties

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

Borrower	Type of financing	Maturity	2019	
Copersucar S.A.	Foreign direct loan (in US\$)	2019-2021	1,157,616	(1)
Copersucar S.A.	Foreign direct loan (in EUR)	2021	50,968	(1)
Cia.Auxiliar de Armazéns Gerais S.A.	Foreign direct loan (in EUR)	2021	30,918	(2)
Eco-Energy Global Biofuels, LLC	Working capital (in US\$)	2020	294,202	(1)
Copersucar S.A.	NCE - Export Credit Note (In BRL)	2019-2022	314,690	(2)
Copersucar S.A.	NCE - Export Credit Note (In BRL)	2019-2021	402,049	(3)
Copersucar S.A.	Certificates of receivables - Agribusiness - in R\$	2019-2020	350,230	(4)
Copersucar S.A.	CDCA - Agribusiness credit receivables certificate (In BRL)	2019-2021	1,830,330	(4)
Cia.Auxiliar de Armazéns Gerais S.A.	FINEM	2019-2024	<u>60,406</u>	(5)
Total			<u>4,491,409</u>	

- (1) Aval of Cooperative with promissory note issued by Copersucar S.A.
- (2) Aval of Cooperative
- (3) Aval of Cooperative / Guarantee Sugar Pledge
- (4) CPR (Rural Product Bill) issued by Cooperative as a guarantee
- (5) Promissory Note (120%) and Cooperative as Guarantor

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

Borrower	Type of financing	Maturity	2019
Copersucar North América	Working capital (in US\$)	2020	294,202 (1)

(1) Aval of Cooperative with promissory note issued by Copersucar S.A.

24 Shareholders' equity

The Company's paid-in capital is R\$180,300,590 on March 31, 2019 and 2018, represented by 1,234,834,520 shares, and 1,234,834,483 are common shares and 37 preferred shares, all of them nominative, registered and with no par value.

The Company is authorized to increase its capital stock up to the limit of R\$ 2,500,000, by resolution of Board of Directors, regardless of any amendment to its bylaws.

Legal reserve

It is set up at the rate of 5% of the net income determined in each financial year, pursuant to article 193 of Law No. 6.404/76 up to the limit of 20% of the capital.

Equity valuation adjustment

The reserve for equity valuation adjustments includes:

- adjustments for the adoption of deemed cost of fixed assets on the transition date;
- reflexive accumulated translation adjustment includes foreign currency differences deriving from the translation of financial statements of foreign operations;
- Adjustment of hedge accounting of investment abroad, as described in Note 21 (item i a); and
- adjustment of the cash flow hedge as described in note 21 (item i b).

The amounts recorded in adjustments to asset valuation 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 2019

Net income for the year attributed to controlling parties	177,549
Minimum mandatory dividends (1%)	<u>(1,775)</u>
Profit reserve	175,774
Summary of allocations	
Dividends	1,775
Reserves	175,774
Total	177,549

25 Operating revenue

The effect of the adoption of CPC 47 on revenue from contracts with customers of the Company is described in Note 5q. Due to the transition method used in the adoption of CPC 47, the comparative information was not restated to reflect the new requirements.

Revenue flows

The Company generates revenue mainly from sale of products (sugar and ethanol) and their delivery to client.

	Consolidated		Parent company	
	2019	2018	2019	2018
Sales of goods	28,671,216	28,081,130	8,066,343	7,210,729
Rendering of services	445,708	473,225	256,490	270,586
Total	29,116,924	28,554,355	8,322,833	7,481,315

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

	Consolidated		Parent company	
	2019	2018	2019	2018
Tax gross revenue	30,129,209	29,437,902	9,443,635	8,414,287
Less:				
Sales tax	(1,121,410)	(901,339)	(1,121,399)	(901,327)
Sales taxes	(37,846)	(37,549)	(23,271)	(24,709)
Returns/rebates	(6,574)	(4,425)	(6,574)	(4,425)
	28,963,379	28,494,589	8,292,391	7,483,826
Realized derivative financial instrument	153,545	59,766	30,442	(2,511)
Total	29,116,924	28,554,355	8,322,833	7,481,315

Breakdown of revenue from contracts with clients

The following table presents the breakdown of revenue per category of products and services.

	Consolidated		Parent company	
	2019	2018	2019	2018
Breakdown per category of products				
Sugar	4,258,635	7,252,522	1,537,170	1,579,571
Ethanol	17,949,589	17,229,001	6,498,731	5,633,671
Gasoline	27,586	19,787	-	-
Corn	(6,384)	(3,552)	-	-
RIN_LCFS (registration of renewable fuel)	260,984	606,973	-	-
Natural gas	6,027,261	2,916,632	-	-
Realized derivative financial instrument	153,545	59,767	30,442	(2,513)
Total revenue from products	28,671,216	28,081,130	8,066,343	7,210,729
Breakdown per rendering of services				
Rendering of services	445,708	473,225	256,490	270,586
Total revenue from services	445,708	473,225	256,490	270,586
Total	29,116,924	28,554,355	8,322,833	7,481,315

26 Expenses per type

	Consolidated		Parent company	
	2019	2018	2019	2018
Cost of products, except freights, transshipment and storage	(27,912,465)	(27,378,380)	(8,093,108)	(7,287,007)
Change in inventories' fair values	188,275	(199,119)	51,374	(53,740)
Depreciation and amortization	(55,596)	(58,355)	(4,651)	(9,787)
Personnel expenses	(234,693)	(188,376)	(91,135)	(63,100)
Freights, transshipment, warehousing and shipping expenses	(104,046)	(91,129)	(14,175)	(16,912)
Other expenses	(190,530)	(184,586)	(37,886)	(41,298)
Total	(28,309,055)	(28,099,945)	(8,189,581)	(7,471,844)
Classified as:				
Cost of sales	(27,931,971)	(27,786,896)	(8,041,734)	(7,340,747)
- Administrative	(245,476)	(183,583)	(122,204)	(88,395)
- Sales	(131,608)	(129,466)	(25,643)	(42,702)
Total	(28,309,055)	(28,099,945)	(8,189,581)	(7,471,844)

27 Other operating revenues

	Consolidated		Parent company	
	2019	2018	2019	2018
Legal provisions	592	1,885	13	-
Property Rental	5,598	4,860	639	2,839
Gain from interest	110,843	65,084	110,581	64,399
Sales of assets	605	-	-	-
Other	5,507	13,529	6,007	22,163
Total	123,145	85,358	117,240	89,401

28 Net financial income (loss)

	Consolidated		Parent company	
	2019	2018	2019	2018
Financial revenues				
Asset interest	59,561	65,439	54,852	61,560
Foreign-exchange income	558,816	338,925	41,339	26,963
Transactions with derivative asset	1,531,886	229,797	620,371	332,978
Other financial revenues	-	-	-	-
	2,150,263	634,161	716,562	421,501
Financial expenses				
Liability interest	(335,463)	(286,263)	(285,931)	(219,917)
Foreign exchange costs	(818,818)	(446,436)	(211,473)	(107,119)
Transactions with derivative liabilities	(1,218,852)	(79,460)	(531,534)	(211,487)
Bank fees	(17,210)	-	(11,341)	-
Other financial expenses	(36,955)	(20,942)	(36,488)	(17,164)
	(2,427,298)	(833,101)	(1,076,767)	(555,687)
Total net financial income	(277,035)	(198,940)	(360,205)	(134,186)

A substantial portion of the amounts presented in the captions foreign exchange gains and losses is related to the Company's hedge policies and respective hedged counterparties are presented in Net Sales and Cost of Sales following the accounting policies in force.

29 Expense with income tax and social contribution

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

	Consolidated		Parent company	
	2019	2018	2019	2018
Income before income tax and social contribution	160,655	199,953	134,390	198,740
Adjusted profit	160,655	199,953	134,390	198,740
Combined statutory rate	34%	34%	34%	34%
Income tax and social contribution:				
Calculated at combined statutory rate	(54,632)	(67,984)	(45,693)	(67,571)
Permanent additions/exclusions:				
Transfer pricing adjustment	-	-	-	-
Equity in net income of subsidiaries	1,288	(6,703)	92,110	78,428
Fines	(27)	(72)	(24)	(55)
Donations/Sponsorship	(351)	(606)	(212)	(463)
Change in interest	37,598	20	37,598	20
Other	5,061	7,015	(29)	319
Differential of tax rate				
Copersucar North America	37,164	606	-	-
Adjustment resulting				
from change in USA legislation	-	13,349	-	-
Deferred in prior year	2,668	(784)	948	(784)
Overseas earnings	(8,871)	2,262	(38,201)	(61,766)
Long-term compensation	(3,453)	(665)	(3,114)	-
IRPJ - PAT deductions and Sponsorship	449	775	(224)	298
Income tax and social contribution in income for the year	55,095	8,979	81,360	10,192
Income tax and social contribution on foreign income	(38,201)	(61,766)	(38,201)	(61,766)
Effective rate	-11%	26%	-33%	26%
Current taxes	2,095	(56,594)	27,255	(31,274)
Deferred taxes	14,799	3,807	15,904	(20,300)
Total	16,894	(52,787)	43,159	(51,574)

30 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:

	2019	2018
Key personnel	35,755	27,261
Other executives	8,938	6,815
	44,693	34,076

31 Operating leases

Leases as lessor

Operating leases that cannot be cancelled are paid as follows:

	Consolidated		Parent company	
	2019	2018	2019	2018
Up to one year	76,904	68,040	4,741	4,283
Over 1 year - up to 5 years	180,441	171,159	2,832	7,155
Over 5 years	120,055	147,760	-	-
Total	377,400	386,959	7,573	11,438

The Company recognized the following expenses amounts with operating lease transactions:

	2019	2018
Expense with operating lease	60,753	54,537

The Company is the lessee of an area located in Santos Port of approximately 50,392 square meters, where its facilities are built by means of a 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

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	
	2019	2018	2019	2018
Up to one year	41,257	34,934	689	616
Over 1 year - up to 5 years	96,435	99,393	412	1,199
Over 5 years	15,413	26,333	-	-
Total	153,105	160,660	1,101	1,815

During the year ended March 31, 2019, the amount of R\$ 45,048 was recognized as rental revenue in the Company's income (loss).

	2019	2018
Revenue from operating lease	45,048	42,982

32 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 an individual and consolidated statement 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 minority shareholders, and other remuneration that represents wealth transfer to third parties; said added value represents wealth created by the Company, in general, measured at revenues from sale of assets and from services provided less respective inputs acquired from third parties, including value added produced by third parties and transferred to the entity.