Copersucar S.A.

Financial statements
March 31, 2013 and 2012

(A free transalation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

KPMG Auditores Independentes
May 2013
KPDS 61450

Contents

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Independent auditors' report on the financial statements

To the Management and Board members
of Copersucar S.A.
São Paulo – SP

We have audited the accompanying financial statements of Copersucar S.A. ("Company"), which comprise the statement of financial position as of March 31, 2013 the statements of operations, comprehensive income (loss), changes in equity and cash flows, for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of management for the financial statements
The Company's management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, and in accordance with the accounting practices adopted in Brazil as well as for the internal controls that management deemed necessary to allow the preparation of financial statements free of relevant distortion, regardless of whether caused by fraud or error.

Responsibility of the Independent auditors
Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian auditing and international accounting standards. These standards require the fulfillment of ethical requirements by the auditors and that the audit be planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free of significant distortions.

An audit involves the carrying out of procedures selected to obtain evidence related to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of significant distortion in the financial statements, regardless of whether the latter are caused by fraud or error. In this risk assessment, according to auditing standards, the auditor considers relevant internal controls for the preparation and adequate presentation of the financial statements of the Company, to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the efficacy of these internal controls of the Company. An audit also includes the evaluation of the adequacy of adopted accounting practices and reasonability of accounting estimates made by Management, as well as an assessment of the presentation of financial statements taken as a whole.

In our opinion the obtained audit evidence is sufficient and appropriate as a foundation for our opinion.

Opinion on the individual financial statements
In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of Copersucar S.A. as of March 31, 2013, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements
In our opinion, the individual aforementioned financial statements present fairly, in all material respects, the financial position of Copersucar S.A. as of March 31, 2013, the performance of its operations and its cash flows, consolidated for the year then ended, in conformity with International Financial Reporting Standards – IFRS issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Emphases
As described in note 4, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Copersucar S.A., these practices differ from IFRS and are applicable to segregate financial statements only as it refers to the evaluation of interest in subsidiaries and jointly-owned subsidiaries under the equity method, while for IFRS purposes, it would be at cost of fair value. Our opinion is not qualified in this respect.

The Company’s sugar and ethanol purchases are carried out basically from the related party, in accordance with the commercial conditions described in note 26. The guarantee of the products’ supply is linked to the maintenance of the agreement with this related party. Our opinion is not qualified in this respect.

Other matters

Statements of added value
We have audited the individual and consolidated statements of value added for the year ended March 31, 2013, prepared under responsibility of Company's management, and as supplementary information under IFRS that do not require the presentation of a statement of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, May 22, 2013

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

Copersucar S.A.

Statements of financial position at March 31, 2013 and 2012

(In thousands of Reais)

		Consolidated		Parent company	
Assets	**Note**	**2013**	**2012**	**2013**	**2012**
Cash and cash equivalents	8	569,648	373,580	278,861	58,723
Trade accounts receivable	9	750,044	602,614	210,815	289,693
Dividends receivable		-	-	1,149	52,068
Inventories	10	1,190,194	1,050,262	557,992	721,530
Recoverable taxes and contributions	11	171,510	283,001	168,713	281,671
Advances to suppliers	12	552,442	54,673	17,789	4,482
Stock Exchange transactions	13	24,913	52,527	3	672
Unrealized derivative financial instruments	24	211,723	40,008	60,990	19,271
Other accounts receivable		15,457	5,119	1,308	2,842
Total current assets		**3,485,931**	**2,461,784**	**1,297,620**	**1,430,952**
Non-current assets					
Deferred tax assets	14	147,990	87,901	142,727	82,859
Judicial deposits	23	33,782	25,958	20,985	14,711
Unrealized derivative financial instruments	24	32,876	21,849	32,848	21,849
Loan operations	26	-	1,099	46,605	25,246
Other accounts receivable		263	-	-	-
Investments	15	107,093	64,801	932,279	624,689
Investment property	16	-	-	22,072	21,400
Property, plant and equipment	17	322,747	158,710	42,343	11,200
Intangible assets	18	164,715	11,762	14,950	11,417
Total non-current assets		**809,466**	**372,080**	**1,254,809**	**813,371**
Total assets		**4,295,397**	**2,833,864**	**2,552,429**	**2,244,323**

		Consolidated		Parent company	
Liabilities	**Note**	**2013**	**2012**	**2013**	**2012**
Suppliers	19	1,313,600	199,453	1,018,545	169,673
Loans and financing	20	1,243,791	615,585	801,854	373,580
Labor payroll obligations		35,907	22,767	24,813	18,596
Provision for income and social contribution taxes		459	-	-	-
Taxes and contributions payable	21	34,964	13,407	10,780	12,853
Stock Exchange transactions		42,642	-	39	-
Advances from clients	22	32,772	-	102,545	399,957
Dividends payable		676	25,638	676	25,638
Unrealized derivative financial instruments	24	92,685	24,458	-	-
Other accounts payable		10,196	25,244	234	11,357
Total current liabilities		**2,807,692**	**926,552**	**1,959,486**	**1,011,654**
Non-current liabilities					
Loans and financing	20	1,088,995	1,616,672	356,824	974,880
Employee benefits	35	16,610	30,900	16,610	30,900
Taxes and contributions payable	21	675	733	-	-
Provisions for contingencies	23	35,152	27,914	20,985	15,156
Deferred tax liabilities	14	32,358	25,454	291	6,094
Other accounts payable		10,646	-	64	-
Total non-current liabilities		**1,184,436**	**1,701,673**	**394,774**	**1,027,030**
Total liabilities		**3,992,128**	**2,628,225**	**2,354,260**	**2,038,684**
Shareholders' equity					
Capital		80,301	80,300	80,301	80,300
Treasury shares		(8)	-	(8)	-
Legal reserve		16,060	16,060	16,060	16,060
Profit reserves		62,434	7,539	62,434	7,539
Equity evaluation adjustment		23,164	27,378	23,164	27,378
Additional dividend proposed		16,218	74,362	16,218	74,362
Shareholders' equity attributable to controlling sharehol	27	**198,169**	**205,639**	**198,169**	**205,639**
Interest of non-controlling shareholders		**105,100**	**-**	**-**	**-**
Total shareholders' equity		**303,269**	**205,639**	**198,169**	**205,639**
Total liabilities and shareholders' equity		**4,295,397**	**2,833,864**	**2,552,429**	**2,244,323**

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of operations

Years ended March 31, 2013 and 2012

(In thousands of Reais)

	Note	Consolidated		Parent company	
		2013	**2012**	**2013**	**2012**
Net income	29	14,741,802	11,226,836	4,712,809	4,239,732
Unrealized derivative financial instruments	24	34,583	(193,723)	-	-
Cost of sales	33	(14,323,865)	(10,549,444)	(4,765,010)	(4,162,351)
Gross income		**452,520**	**483,669**	**(52,201)**	**77,381**
Expenses with sales	33	(185,581)	(171,897)	(39,474)	(45,198)
Administrative expenses	33	(59,394)	(58,352)	(32,520)	(50,813)
Other income	30	23,786	5,482	1,373	1,040
Other expenses	31	(50,809)	(8,886)	(10,573)	(2,057)
Income (loss) before net financial income and expenses and taxes		**180,522**	**250,016**	**(133,395)**	**(19,647)**
Net financial income (loss)	32	**(105,628)**	**(196,091)**	**(130,576)**	**(130,764)**
Equity income (loss)	15	12,413	(3,087)	265,875	202,087
Income (loss) before taxes		**87,307**	**50,838**	**1,904**	**51,676**
Current income and social contribution taxes	34	(54,200)	7,087	-	8,975
Deferred income and social contribution taxes - liabilities	34	53,185	44,627	65,671	41,901
Total income and social contribution taxes		**(1,015)**	**51,714**	**65,671**	**50,876**
Net income for the year		**86,292**	**102,552**	**67,575**	**102,552**
Income (loss) attributed to					
Controlling shareholders		67,575	102,552	67,575	102,552
Non-controlling shareholders		18,717	-	-	-
Net income for the year		**86,292**	**102,552**	**67,575**	**102,552**

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of comprehensive income

Years ended March 31, 2013 and 2012

(In thousands of Reais)

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Income (loss) for the year	86,292	102,552	67,575	102,552
Comprehensive income	-	-	-	-
Total comprehensive income	**86,292**	**102,552**	**67,575**	**102,552**
Comprehensive income attributable to:				
Controlling shareholders	67,575	102,552	67,575	102,552
Non-controlling shareholders	18,717	-	-	-
Total comprehensive income	**86,292**	**102,552**	**67,575**	**102,552**

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of changes in equity

Years ended March 31, 2013 and 2012

(In thousands of Reais)

		Reserves						
	Capital	**Treasury shares**	**Legal reserve**	**Profit retention**	**Equity evaluation adjustment**	**Retained earnings**	**Additional dividend proposed**	**Total**
In 2011	80,300	-	16,060	-	32,365	-	236,777	365,502
Realized deemed cost	-	-	-	-	(4,987)	4,987	-	-
Distribution of proposed additional dividend	-	-	-	-	-	-	(236,777)	(236,777)
Net income for the period	-	-	-	-	-	102,552	-	102,552
Distribution of income:								
Proposed dividends (R$ 0.25 per share)	-	-	-	100,000	-	(100,000)	-	-
Compulsory minimum dividends – R$ 0.06 per share	-	-	-	(25,638)	-	-	-	(25,638)
Additional dividends proposed – R$ 0.18 per share	-	-	-	(74,362)	-	-	74,362	-
Profit retention	-	-	-	7,539	-	(7,539)	-	-
In 2012	80,300	-	16,060	7,539	27,378	-	74,362	205,639
Capital increase	1	-	-	-	-	-	-	1
Treasury shares	-	(8)	-	-	-	-	-	(8)
Realized deemed cost	-	-	-	-	(4,214)	4,214	-	-
Distribution of proposed additional dividend	-	-	-	-	-	-	(74,362)	(74,362)
Net income for the year	-	-	-	-	-	67,575	-	67,575
Distribution of income:								
Proposed dividends (R$ 0.0421 per share)	-	-	-	16,894	-	(16,894)	-	-
Compulsory minimum dividends – R$ 0.0015 per share	-	-	-	(676)	-	-	-	(676)
Additional dividends proposed – R$ 0.0406 per share	-	-	-	(16,218)	-	-	16,218	-
Profit retention	-	-	-	54,895	-	(54,895)	-	-
In 2013	80,301	(8)	16,060	62,434	23,164	-	16,218	198,169

See the accompanying notes to the financial statements.

Copersucar S.A.

tatements of cash flows

Years ended March 31, 2013 and 2012

(In thousands of Reais)

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Net income for the year	**86,292**	**102,552**	**67,575**	**102,552**
Adjusted by:				
Equity in income of subsidiaries and associated companies	(12,413)	3,087	(265,875)	(202,087)
Subsidiary losses with foreign exchange variation	-	-	61,848	-
Depreciation and amortization	15,684	12,091	4,087	1,989
Deferred taxes	(53,185)	(44,627)	(65,671)	(41,901)
Interest and exchange variation on loans and financings	255,009	323,376	161,981	177,914
Net amount of write-offs of permanent assets	466	562	465	482
Increase in provision for contingencies	7,238	6,071	5,829	5,453
Employee benefits	1,160	9,012	1,160	9,012
Change in inventories fair value	44,187	-	57,337	-
Change in fair value of derivative financial instruments	(101,589)	137,811	(52,718)	(72,281)
Loss/ (gain) with interest in subsidiaries	5,936	(108)	8,819	(108)
Provision for impairment (accounts receivable)	2,037	(207)	2,041	(207)
Changes in assets and liabilities				
(Increase) / decrease in trade accounts receivable	(5,350)	278,178	76,837	325,589
Decrease / (increase) in related parties	33,935	19,637	(268,448)	343,061
(Increase) decrease in inventories	41,371	(696,648)	106,201	(563,128)
Decrease / (increase) in recoverable taxes	111,491	(160,602)	112,958	(163,925)
(Increase) / decrease in other assets	1,026	(2,700)	1,534	(1,193)
(Increase) / decrease in advances to suppliers	(497,769)	2,493	(13,307)	14,403
Decrease/ (increase) in stock Exchange transactions	80,949	64,558	708	(672)
Increase in judicial deposits	(7,824)	(6,492)	(6,274)	(5,490)
Increase / (decrease) in suppliers	937,524	(226,857)	848,872	138,910
Decrease in social and labor obligations	(3,853)	(1,659)	(9,233)	(1,694)
Increase / (decrease) in taxes and contributions payable	52,439	(24,007)	(2,073)	(22,431)
(Decrease) / increase in other accounts payable	(23,856)	19,964	(11,122)	10,647
Interest paid on loans and financing	(107,443)	(97,770)	(70,956)	(79,516)
Income and social contribution taxes paid	(54,638)	(44,355)	-	(41,197)
Dividends received	12,253	-	1,809	1,082
Net cash generated (used) in operational activities	**821,077**	**(326,640)**	**754,384**	**(64,736)**
Cash deriving from acquisition of subsidiary	33,505	-	-	-
Application of funds in investments	(48,068)	(44,011)	(113,531)	(43,431)
Funds invested in properties	-	-	(1,251)	(5,620)
Application of funds in property, plant and equipment	(133,047)	(42,976)	(32,623)	(2,071)
Application of funds in intangible assets	(150,472)	(8,438)	(6,026)	(8,438)
Shareholders' equity attributable to non-controlling shareholders	15,105	-	-	-
Net cash used in investment activities	**(282,977)**	**(95,425)**	**(153,431)**	**(59,560)**
Dividends paid	(100,000)	(236,777)	(100,000)	(236,777)
Treasury shares	(8)	-	(8)	-
Loans and financing obtained	1,266,899	3,043,008	100,001	1,400,628
Payments of loans and financing	(1,508,923)	(2,450,475)	(380,808)	(1,176,434)
Net cash generated (consumed) in financing activities	**(342,032)**	**355,756**	**(380,815)**	**(12,583)**
Net increase / (decrease) in cash and cash equivalents	**196,068**	**(66,309)**	**220,138**	**(136,879)**
Statement of changes in cash and cash equivalents				
At the end of the year	569,648	373,580	278,861	58,723
At the beginning of the year	373,580	439,889	58,723	195,602
Cash and cash equivalents on March 31	**196,068**	**(66,309)**	**220,138**	**(136,879)**

See the accompanying notes to the financial statements.

Copersucar S.A.

Statements of added value

Years ended March 31, 2013 and 2012

(In thousands of Reais)

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Income				
Sale of merchandise, products and services	14,983,469	11,475,738	5,318,304	4,741,768
Other income	376,441	(193,723)	(637)	-
Change in financial instruments' fair value	34,583	200,607	(2,041)	(61,557)
Allowance for doubtful accounts	(2,041)	207		207
	15,392,452	11,482,829	5,315,626	4,680,418
Inputs acquired from third parties				
Cost of products, goods, and services sold	(14,248,858)	(10,539,760)	(4,765,010)	(4,162,351)
Materials, energy, outsourced services and other	(183,822)	(137,529)	(27,185)	(33,276)
Others	(38,247)	(7,605)	(1,463)	(787)
	(14,470,927)	(10,684,894)	(4,793,658)	(4,196,414)
Gross added value	921,525	797,935	521,968	484,004
Depreciation and amortization	(14,803)	(11,697)	(1,999)	(1,987)
Added value received as transfer				
Equity income (loss)	12,413	(3,087)	265,875	202,087
Financial income	394,362	783,280	262,103	377,239
Others	15,638	1,293	(6,771)	(605)
	422,413	781,486	521,207	578,721
Total added value payable	1,329,135	1,567,724	1,041,176	1,060,738
Distribution of added value	(1,329,135)	(1,567,724)	(1,041,176)	(1,060,738)
Personnel				
Direct remuneration	(74,406)	(70,894)	(28,399)	(52,617)
Benefits	(23,894)	(5,133)	(7,564)	(2,175)
FGTS	(4,443)	(2,517)	(1,653)	(1,660)
	(102,743)	(78,544)	(37,616)	(56,452)
Taxes, rates and contributions				
Federal	(227,989)	(144,379)	(149,587)	(138,290)
State	(392,429)	(338,969)	(390,629)	(338,885)
Municipal	(3,601)	(2,814)	(265)	(301)
	(624,019)	(486,162)	(540,481)	(477,476)
Third parties' capital remuneration				
Interest	(518,269)	(891,968)	(392,680)	(421,007)
Rents	(16,529)	(8,498)	(2,824)	(3,251)
	(534,798)	(900,466)	(395,504)	(424,258)
Remuneration of own capital				
Dividends	-	(100,000)	-	(100,000)
Retained earnings for the year	(67,575)	(2,552)	(67,575)	(2,552)
	(67,575)	(102,552)	(67,575)	(102,552)

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of reais)

1 Operations

The Company is headquartered in the city of São Paulo (São Paulo State) and may set up and shut down branches, offices or agencies, as well as appoint agents or representatives, anywhere in Brazil or abroad. The registered address of the Company's office is 287 Paulista Avenue. The individual and consolidated financial statements of the Company for the year ended March 31, 2013 comprise the parent company and its subsidiaries.

The Company is engaged in the following main activities:

- To import, export, trade, manufacture, store, load and unload sugar, ethanol and by-products in the domestic and international markets;
- To provide sugar, ethanol and by-products sales agency services;
- Land, air, river, and sea logistics;
- To provide cargo transportation services, including hazardous cargo transportation, and to act as multimodal transportation operator;
- Production and sales of electricity, steam, exhaust steam, and any derivative arising from the co-generation of electricity;
- The provision of technical and consultancy services related to the above-mentioned activities; and
- Equity interests in other companies.

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

2 Acquisitions of subsidiaries

Business combinations

On December 18, 2012, the Company acquired, through its subsidiary Copersucar North America, LLC, the control of Eco-Energy Global Biofuels, LLC, a biofuel company established in the United States, by acquiring 65% of this company's voting stock.

The acquisition of the control of Eco-Energy Global Biofuels, LLC will increase the international presence of Copersucar S.A. and provide a sugar and ethanol distribution platform in the United States, transforming the Company into the largest ethanol trader in the world. From December 19, 2012 to March 31, 2013, Eco-Energy Global Biofuels, LLC contributed a revenue of R$ 2,240,698 to the Consolidated.

Goodwill

Goodwill recognized as the result of the acquisition was identified as follows:

	R$
Total business value	**224,771**
Total tangible assets acquired	529,659
Fair value of customer relationship	32,451
Fair value of the brand	4,407
Other identifiable intangible assets	11,119
Fair value of current liabilities assumed (except for bank debts)	(271,954)
Other long-term liabilities assumed	(1,963)
Total debts assumed (to banks)	(185,792)
Net assets acquired	**117,927**
Goodwill arising from the acquisition	**106,844**

Goodwill is attributed mainly to the ethanol trade business of Eco-Energy Global Biofuels, LLC and the expected synergies arising from the Company's integration with the existing ethanol business.

In the parent company and consolidated balance sheets, the goodwill presented above is recorded in the investment's carrying amount and in intangible assets, respectively, and its amortization is not permitted.

Costs of purchase

The Company incurred costs related to the payment of external legal fees, consulting and diligence expenses totaling R$ 3,249, which were recorded under "Administrative expenses" in the income statement.

3 Company's entities

Entity	City / State – Country	Relationship	Equity interest March 31, 2013
Companhia Auxiliar de Armazéns Gerais	São Paulo/SP - Brasil	Subsidiary	99.99995%
Copersucar Armazéns Gerais S.A.	São Paulo/SP - Brasil	Subsidiary	99.99997%
Uniduto Logística S.A.	São Paulo/SP - Brasil	Associate	38.58000%
Logum Logística S.A.	Rio de Janeiro/RJ - Brasil	Jointly-controlled subsidiary	20.00000%
Sugar Express Transportes S.A.	São Paulo/SP - Brasil	Subsidiary	99.99000%
Centro de Tecnologia Canavieira S.A.	São Paulo/SP - Brasil	Associate	20.54000%
Copersucar International N.V.	Caracasbadiweg - Curaçau	Indirect subsidiary	100.00000%
Copersucar Trading A.V.V.	Orangestad – Aruba	Indirect subsidiary	100.00000%
Copersucar Europe B.V.	Rotterdam – Netherlands	Indirect subsidiary	100.00000%
Copa Shipping Company Limited	Tortola – British Virgin Islands	Indirect jointly-controlled subsidiary	50.00000%
Copersucar Noth America, LLC	Franklin/TN – USA	Subsidiary	100.00000%
Copersucar Asia Limited	Hong Kong – China	Indirect subsidiary	100.00000%
Eco-Energy Global Biofuels LLC	Franklin/TN – USA	Indirect subsidiary.	65.00000%

Companhia Auxiliar de Armazéns Gerais

The subsidiary based in the capital of the state of São Paulo is to sell food products and goods in general on the wholesale market, rent warehouses, provide storage facilities, export sugar and other products of vegetable origin and undertake port operating activities.

Copersucar Armazéns Gerais S.A.

The Subsidiary, which is headquartered in the State of São Paulo, is mainly engaged, through its subsidiaries, in the wholesale trade of food products and goods in general, retail and wholesale trade and distribution of fuel for automotive or industrial purposes, and rental of warehouses.

Uniduto Logística S.A.

The Associate, which is headquartered in the State of São Paulo, is engaged in the research and development of new technologies to be applied in the agricultural activities, logistics and manufacturing processes of the sugarcane, 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 the transfer of agricultural, industrial and laboratory technologies.

Logum Logística S.A.

The jointly-controlled Subsidiary headquartered in the city of Rio de Janeiro, State of Rio de Janeiro, was set up on March 26, 2008, and its shareholders were Petrobras and Camargo Corrêa Investimentos em Infraestrutura S.A. On March 1, 2011, there was a change in its shareholding structure, with the entrance of the shareholders Odebrecht Transport Participações S.A.; Cosan S.A. Açúcar and Álcool; Uniduto Logística S.A. and Copersucar S.A.

The Subsidiary is engaged in the following activities: construction and operation of intermodal and multimodal networks for the transport of ethanol, oil by-products and other biofuels to the domestic and international markets; activities directly or indirectly related to intermodal and multimodal transport of ethanol, oil by-products and other biofuels; participation in projects whose aim is to promote the development of intermodal and multimodal transport of ethanol, oil by-products and other biofuels; import, export, acquisition, sale, distribution or lease of all the machinery and equipment related to the aforementioned activities, and exploration and development of opportunities in business related to the installation of optic fiber cables in its rights of way.

Sugar Express Transportes S.A.

On April 5, 2010, the subsidiary Sugar Express Transportes S.A., which is responsible for the road transport of sugar and ethanol, was set up.

Centro de Tecnologia Canavieira S.A. (CTC)

The Associate, which is headquartered in the State of São Paulo, is engaged in the 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.

Copersucar International N.V.
The subsidiary based in Curaçau has as its corporate purpose equity interests in other companies.

Copersucar Trading A.V.V.
The Subsidiary established in Aruba is engaged in importing and exporting sugar and ethanol, which are mainly purchased from the São Paulo State Cooperative of Sugarcane, Sugar and Alcohol Producers.

Copersucar Europe B.V.
The Subsidiary established in Holland is engaged in the trade of sugar and ethanol, especially from related companies.

Copa Shipping Company Limited
On November 24, 2010, Copa Shipping Company Limited, a maritime freight company headquartered in the British Virgin Islands, was set up in partnership with the Jamal Al-Ghurair (JAG) Group, which, among other business activities, owns Al Khaleej Sugar (AKS), the largest sugar refinery in the world and one of its strategic clients. Copa Shipping charters ships to transport the cargo of Copersucar S.A. and AKS, optimizing the cost management and quality control of this service. Copersucar S.A., through Copersucar Trading, and Global Equity Investments, a subsidiary of the JAG Group, hold 50% of Copa Shipping Company Limited each.

Copersucar North America, LLC
On October 23, 2012, Copersucar North America, LLC, a company based in the United States, was established to hold investments in other companies' capital.

Copersucar Asia Limited
The Subsidiary established in Hong Kong is engaged in the trade of sugar and ethanol, especially from related companies.

Eco-Energy Global Biofuels, LLC
Company headquartered in Franklin, Tennessee, United States, which operates in an integrated manner in the biofuel supply chain, focusing on trade, logistics and marketing services.

4 Preparation basis

a. Compliance statement
These financial statements include:

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

- The parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the accounting pronouncements issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) and other applicable corporate law aspects.

The parent company's individual financial statements were prepared in accordance with accounting practices adopted in Brazil, and, in the case of the Company, these practices differ from the IFRS applicable to separate financial statements due to the fact that investments in in subsidiaries and associates, valued under the equity method in in accordance with accounting practices adopted in Brazil, whereas, for IFRS purposes, these investments would be carried at cost or fair value.

However, there is no difference between the shareholders' equity and consolidated result presented by Company and the shareholders' equity and result of the parent company in the individual financial statements. Accordingly, the Company's consolidated financial statements and the parent company's individual financial statements are being presented side by side in a single set of financial statements.

b. Basis of measurement

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

- Financial instruments measured at fair value through profit or loss;
- Property, plant and equipment – adoption of deemed cost;
- Inventories – calculated at fair value less selling expenses, through marking to market.

c. Functional currency and presentation

The parent company and consolidated financial statements are presented in thousands of 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, the functional currency of which is the US dollar. All financial information presented in Brazilian Reais has been rounded to the nearest value, except otherwise indicated.

d. Use of estimates and judgments

The preparation of the parent company and consolidated financial statements in accordance with the accounting pronouncements issued by the Accounting Pronouncements Committee (CPC) and IFRS requires Management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information regarding critical judgments referring to the accounting practices adopted which impact the amounts recognized in the individual and consolidated financial statements are included in the following notes:

- Note 9 – Trade receivables (Estimated Allowance for Doubtful Accounts – PECLD);
- Note 10 - Inventories;

- Note 14 – Deferred tax assets and liabilities;
- Note 16 – Investment property;
- Note 24 – Financial instruments;
- Note 36 – Operating leases.

Information on uncertainties as to assumptions and estimates that pose a high risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5.d.iv – Depreciation (useful lives of property, plant and equipment);
- Note 5.e.ii – Amortization (useful lives of intangible assets);
- Note 14 – Deferred tax assets and liabilities (use of tax losses);
- Note 23 – Provision for contingencies (provisions and contingencies).

5 Significant accounting policies

The accounting practices detailed below have been consistently applied to all the periods presented in this parent company and consolidated financial statements in accordance with IFRS and the accounting pronouncements issued by the Accounting Pronouncements Committee (CPC), unless otherwise stated.

The accounting practices have also been consistently applied by the Company’s entities.

a. Consolidation basis

i. Business combinations

Business combinations are registered at the acquisition date, that is, the date on which control is transferred to the Company using the acquisition method. Control is defined as the ability to rule the Company's financial and operating policies in order to benefit from its activities. When determining that its control is in place, the Company takes into account the currently exercisable potential voting rights.

ii. 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 subsidiaries’ accounting practices are consistent with the practices adopted by the Company.

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

iii. Investments in jointly-controlled subsidiaries

A joint venture is a contractual agreement that joins 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.

iv. 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 associates 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 accounting value of that ownership interest, including long-term investments, is reduced to zero and additional losses are no longer recognized, except when the Company has constructive obligations or made payments on behalf of the investee, when a provision for investment losses is recorded.

v. Transactions eliminated in the consolidation

Intragroup balances and transactions, and any income or expenses derived from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains originating from transactions with investee companies recorded using the equity method, are eliminated against the investment in the proportion of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

b. Foreign currency

i. Foreign currency transactions

Transactions in foreign currency are translated into the respective functional currencies of the Company's entities at the exchange rates on the dates of the transactions, except for monetary assets and liabilities denominated and calculated in foreign currencies on the date of presentation are converted into the functional currency at the exchange rate determined on that date.

Exchange gain or loss in monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted by interest and effective payments during the period, and the amortized cost in foreign currency at the exchange rate at the end of the presentation period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the foreign exchange rate on the date the fair value was determined.

Exchange differences arising from the reconversion are charged to income.

ii. Foreign operations

Foreign transactions' assets and liabilities are translated into reais at the exchange rate prevailing on presentation date. Revenues and expenses from operations abroad are converted into reais at the average exchange rates calculated in the period. Foreign currency differences are recognized in the income statement for the period, since the functional currency of the operation abroad is the Real.

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

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

	Average annual interest		Spot closing rate	
	2013	**2012**	**2013**	**2012**
R$/USD	2.0116	1.7001	2.0138	1.8221

c. Financial instruments

i. Non-derivative financial assets

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

The Company fails to recognize a financial asset when the contractual rights to the cash flows of the asset expire, or when the Company transfers the rights to reception of the contractual cash flows on a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: Trade receivables, Inventories, Related Parties, Advances to Suppliers and Other Receivables.

Financial assets recorded at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is held for trading, or stated as such when initially recognized. Financial assets are stated at fair value through profit or loss if the Company manages these investments and makes decisions on investment and redemption based on fair value according to the risk management and strategy of investment documented by the Company. The transaction costs, after initial recognition, are recognized in income (loss) as incurred. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in the fair value of such assets are recognized in the income for the period.

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

Cash and cash equivalents
Cash and cash equivalents include balances of cash and financial investments with the original maturity of three months or less as from the contracting date or considered immediate liquidity.

ii. Derivative financial instruments
The company holds futures, options and over-the-counter derivative financial instruments as part of its commodity trade transactions and the management of its hedging policy for product sale transactions.

The objective of operations involving derivatives is always related to the operation of the Company associated with and the reduction of its exposure to market risks, identified in its policies and guidelines and with the management of the volatility of financial flows. The results obtained from such operations are consistent with the policies and strategies defined by Company's management. All gains and losses arising from derivative financial instruments are stated at their market value.

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

Gains/losses related to unrealized derivative financial instruments arising from commodity price hedging are recognized in gross profit, whereas effects of derivatives related to exchange and interest risks are recognized in financial income.

iii. Non-derivative financial liabilities
The Company recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the negotiation date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or canceled or expire.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

iv. 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.

d. Property, plant and equipment

i. Recognition and measurement

PP&E items are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses, when applicable.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment. When parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of PP&E.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the carrying amount of Property, plant and equipment and are recognized net within "Other income" in the statement of income.

ii. Reclassification for investment property

When a property’s use changes from owner-occupied to investment property, the Company maintains this asset measured at cost and reclassifies it as investment property. Every year, the Company also subjects all the investment properties held at cost to impairment analyses and tests.

iii. Subsequent costs

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

iv. *Depreciation*

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, as this method is that more closely reflects the pattern of consumption of future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or the estimated useful life of the asset, unless it is reasonably certain that the Company will obtain ownership at the end of the lease term. Land is not depreciated.

The average annual rates weighted for the current period are as follows:

	Annual weighted average rate	
	Consolidated	**Parent company**
	2013	**2013**
Constructions and improvements	4.00%	4.00%
Machinery and equipment	9.05%	10.55%
Data processing equipment	32.28%	33.12%
Furniture and fixtures	7.09%	7.32%
Vehicles	10.34%	10.38%
Improvements to third-party property	3.08%	-

e. 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.

Goodwill

The goodwill calculated on the acquisition of Eco-Energy Global Biofuels, LLC shares is supported by expected future earnings. 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. The goodwill's recoverability is assessed based on an analysis and the detection of facts or circumstances likely to give rise to the need to advance the tests performed each year. Should a new fact or circumstance suggest a difficulty in recovering the goodwill, the test is advanced. For goodwill measurement upon initial recognition, refer to note 2.

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.

ii. Amortization

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

Amortization is recognized in profit or loss, under the caption "Administrative expenses", on a straight-line basis over the estimated useful lives of the intangible assets, except goodwill, from the date they are available for use, since this is the method that best reflects the consumption pattern of the future economic benefits embodied in the asset. Software estimated useful life for current and comparative periods is 5 years.

iii. Intangible assets under development

An intangible asset arising from development (or an internal project's development stage) must be recognized only if the Company can demonstrate all the following aspects:

- Technical feasibility to complete the intangible asset in order for it to be available for use or sale;
- Intention to complete the intangible asset and use or sell it;
- Ability to use or sell the intangible asset;
- How the intangible asset will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably

f. Investment property

Investment property is property held to earn rentals or for capital appreciation or both, but not for sale in the ordinary course of business, or use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at historical cost at initial recognition and subsequently accounted for at cost.

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

g. Leased assets

The Company’s leases are operating leases. Leased assets are not recognized on the Company’s balance sheet (lessee). An investment property under an operational lease is recognized in the Company's balance sheet (lessor) at its historical cost.

h. Inventories

The Company's inventories comprise commodities and are marked to market less costs to sell. 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 statement for the period.

i. Impairment

i. Financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date for objective evidence of impairment loss. An asset is impaired when there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that such loss event had a negative effect on the projected future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of the amount due to the Company and its subsidiary on terms that the Company and its subsidiary would not consider otherwise, indication that the debtor or issuer will file for bankruptcy, or disappearance of an active market for a security. In addition, for an equity instrument, a significant or prolonged decrease in the fair value of the asset, below its cost, is objective evidence of impairment.

For its receivables, the Company considers as evidence of impairment both individually and on an aggregate basis. All and individually significant receivables are assessed for impairment. All the receivables are material on an individual basis, identified as non-impaired on an individual basis are collectively assessed for any impairment loss not yet identified. Receivables that are not individually significant are assessed on an aggregate basis in relation to impairment by grouping the notes with similar risk characteristics.

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 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.

A decrease in the recoverable value of a financial asset measured at amortized cost is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Losses are recognized in income (loss) for the year in an allowance in a provision account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets, except for inventories and deferred income tax and social contribution, are annually reviewed for indication of impairment. If such indication exists, the asset's recoverable amount is determined.

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 period of capital and the risks specific to the asset. For the purpose of impairment testing, the assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets or group of assets (the "cash generating unit" or "CGU").

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

Except for goodwill, for financial statements date we evaluate impaired assets that have been recognized in prior periods to seek indications that impairment has increased, decreased or no longer exists. A loss of value is reversed if there has been a change in estimates used to determine the recoverable value. An impairment loss is reversed only with the condition that the book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

j. Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (pension fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expenses in income (loss) for the year in periods the services are rendered by the employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The contributions to a defined contribution plan whose expected maturity is 12 months from the end of the period in which the employee renders the service are discounted to their present values.

ii. Short-term employee benefits

Obligations for short-term employee benefits are measured on a non-discounted basis and incurred as expenses as the related service is rendered.

The liability is recognized at the amount expected to be paid under the cash bonus plans or short-term profit sharing if the Company has a legal or constructive obligation to pay this amount because of prior service rendered by the employee, and the obligation can be reliably estimated.

iii. Post-employment benefits

Post-employment benefits granted and to be granted to employees, retirees and pensioners are assessed each year through an actuarial calculation performed by an independent actuary. The results are analyzed and provisions are recorded in the event the results are material. The assumptions used in the actuarial calculation and other information on these benefits are presented in note 35.

iv. Other long-term benefits

The Company grants a long-term bonus to its executives. This benefit is granted every three years and its payment is linked to the achievement of an EBITDA continuity target (net income without the effects of income tax and social contribution, finance costs and depreciation and amortization charges). A provision is recorded for this amount on the accrual basis, as presented in note 26.

k. Provisions

A provision is set up when the Company has a legal or constructive obligation because 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. Provisions are calculated by discounting the expected future cash flows at a pre-tax rate, which reflects the current market evaluations as to the value of the cash over time and the specific risks of the liability.

l. Operating income

Revenue from sale of goods in the normal course of business is measured at the fair value of the consideration received or receivable. Operating revenue is recognized when there is convincing evidence that the risks and rewards inherent to the ownership of the assets have been transferred to the purchaser, it is probable that the financial economic benefits will flow to the entity, the related costs and potential return of goods can be reliably estimated, there is no continued involvement with the goods sold, and 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.

m. 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.

At the inception of an agreement, the Company defines whether the agreement is for or contains a lease. A specified asset is a leased item if meeting the agreement depends on the use of said specified asset. The agreement transfers the asset use right if the agreement transfers to the Company the right to control the use of the underlying asset.

At the inception of an agreement or at the time of a possible revaluation thereof, the Company separates payments and other considerations required by said agreement between those for leasing and those for other components, taking as a basis their relative fair values. Should the Company conclude that, for a given financial lease, a reliable separation of the payments is impracticable, one asset and one liability are recognized for an amount equal to the fair value of the underlying asset. Subsequently, the minimum lease payments made under financial leases are apportioned between financial expense (based on the Company's incremental interest rate) and reduction of the outstanding liability.

n. Financial income and expenses

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

Finance costs substantially comprise interest expenses on borrowings and negative changes in the fair value of financial instruments used to hedge currency and interest risks, as well as losses on the settlement of these instruments. Borrowing costs 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.

o. Income tax and social contribution

The income and social contribution taxes, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carryforward and negative basis of social contribution, limited to 30% of the annual taxable income.

Income tax and social contribution expense comprises both current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss unless they are related to the business combination, or items directly recognized in shareholders' equity or other comprehensive income.

Current taxes are the taxes payable or receivable on the taxable income or loss for the period, at tax rates enacted or substantively enacted on the reporting date, and any adjustments to taxes payable in relation to prior years.

Deferred taxes are recognized in relation to the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. Deferred taxes are measured at tax rates expected to be applied to temporary differences when they are reversed, based on laws enacted or substantively decreed up to the reporting date of the financial statements.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets against tax liabilities, and the latter relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred income and social contribution tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, 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 reporting date and reduced when their realization is no longer probable.

p. Segment information

IFRS 8 and CPC 22 – Segment Reporting require that segments be reported in a manner which is consistent with the managerial reports provided and reviewed by the chief operating decision-maker, the CEO, for purposes of assessing the performance of each segment and the allocation of resources.

Although the Company operates in different areas within the sugar and alcohol sector, Management considers it to have two operating segments: Sugar/Ethanol and Services. See note 7.

q. Net earnings per share

The basic earnings per share are calculated based on the result for the financial year attributable to the Company's controlling and non-controlling shareholders and the weighted average of outstanding common shares in the respective period. The diluted earnings per share are calculated based on the mentioned average of outstanding shares, adjusted by instruments that can potentially be converted into shares, with a dilution effect, in the periods presented, pursuant to CPC 41 and IAS 33.

r. Statements of added value

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

s. New standards and interpretations not yet adopted

Several news Standards, amendments to standards and interpretations are effective for the years started after January 1, 2013, and have not been adopted to the preparation of these consolidated financial statements. Those that may be relevant to the Group are listed below. The Group does not plan to adopt these standards in advance.

IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces a new requirement for classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions in relation to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment loss of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) is effective for periods beginning on or after January 1, 2015. The adoption of IFRS 9 (2010) may have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

The Accounting Pronouncements Committee has not yet issued any accounting pronouncement or amendments in current pronouncements corresponding to this standard.

IFRS 13/ CPC 46 contains a single source of guidance on how the fair value is measured, and replaces the guidance for measurement of fair value that is currently provided for in other IFRS. Subject to limited exceptions, IFRS 13 /CPC 46 applies when measurement or disclosures of fair value are required or permitted by other IFRS. The Group is currently reviewing its methodology for determining fair value (see note 6). IFRS 13 / CPC 46 is effective for annual periods started as of or after April 1, 2013.

Amendments to IAS 19 Employee Benefits (2011)

IAS 19 (2011) / CPC 33 (R1) amends the definition of short and long-term benefits to make a clear distinction between them. For defined benefit plans, the elimination of the accounting policy choice for the recognition of actuarial gains and losses is not expected to have a material impact on the Group. However, the Group may have to assess the impact of the changes in the principles for measuring the expected return on plan assets. IAS 19 (2011) / CPC 33 (R1) is effective for annual periods started as of or after January 1, 2013.

6 Determination of the 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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, additional information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i. Intangible assets

The fair value of trademarks and patents acquired in a business combination is based on the present value of estimated royalty payments that have been avoided by the ownership of the trademark or patent. The fair value of customer relationships acquired in a business combination is calculated under the multi-period excess earnings method, through which an underlying asset is valued after the deduction of a fair return on all other assets that contribute to the creation of th respective cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be accrued from the use and possible sale of the assets.

ii. Property, plant and equipment

Fair value of property, plant and equipment items for deemed cost purposes was based on market approach and cost approach at market prices on the transition date for similar assets, when available, and replacement costs, when applicable.

iii. Investment property

The fair value of the investment property, for deemed cost purposes, was determined based on the market approach and on cost approaches through quoted market prices as of the date of transition to similar assets, where available, and replacement cost where appropriate.

iv. Inventories

The fair value of the inventories is calculated with basis on their estimated selling price in the regular course of business, less estimated completion costs and selling expenses, and on a reasonable profit margin based on the effort required to complete and sell the Inventories.

The fair value of the inventories, acquired in a business combination, is calculated with basis on their estimated selling price in the regular course of business, less estimated completion costs and selling expenses, and on a reasonable profit margin based on the effort required to complete and sell the inventories.

v. Trade accounts receivable

The fair value of accounts receivable and other receivables, that is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market interest rate on presentation date.

vi. Loans and financing

The fair value that is determined for disclosure purposes is calculated based on the present value of principal and future cash flows, discounted at market interest rate on the date of presentation of the financial statements.

vii. Derivative financial instruments

The fair value of forward exchange agreements is based on the listed market price, if available. The fair value of derivative instruments to hedge currencies and interest rates consists of determining the terms and conditions contracted and calculating the present value based on market curves extracted from the Bloomberg and BM&F databases.

If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price by using a risk-free interest rate (based on government bonds) – see note 24.

viii. Non-derivative financial liabilities

The fair value that is determined for disclosure purposes is calculated based on the present value of principal and future cash flows, discounted at market interest rate on the date of presentation of the financial statements.

7 Operating segments

The Company's chief decision-maker, the CEO, reviews the results by segment to make decisions related to the investment of financial resources. The Company and its subsidiaries present two segments: Sugar/Ethanol and Services.

Below we describe the Company's operating segments:

- Sugar/Ethanol – purchase and sale of raw sugar and white sugar in the domestic and international markets; purchase and sale of hydrated ethanol in the domestic and international markets; and purchase and sale of biofuels in North America.

- Services – comprises the results from the provision of logistics services and loading of 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:

	2013			2012		
	Sugar / Ethanol	**Services**	**Total**	**Sugar / Ethanol**	**Services**	**Total**
Net income **(a)**	14,655,715	120,570	14,776,385	10,950,346	82,767	11,033,113
Cost of sales	(14,221,225)	(102,540)	(14,323,865)	(10,481,606)	(67,838)	(10,549,444)
Gross margin	434,490	18,030	452,520	468,740	14,929	483,669

(a) The amounts shown as net income in March 2013 and 2012 include the Revenue with unrealized derivative financial instruments, separately disclosed in the statements of income.

The other income statement items, as well as the information on assets and liabilities, are not included in the information by segment, since it is possible to use the gross profit margin to assess the segments' performance.

Net operating revenue by geographic area is as follows:

Region / Country	**2013**	**2012**
South Africa	20,156	15,582
Germany	-	3,391
Saudi Arabia	642,306	670,646
Algeria	380,178	357,327
Argentina	-	7,075
Australia	-	3,579
Belgium	-	13,496
Brazil	4,655,231	4,447,412
Canada	495,730	447,466

Region / Country	**2013**	**2012**
Chile	-	129
China	114,764	140,450
Singapore	440,086	623,952
Colombia	88,734	120,797
Denmark	29,806	77,094
Egypt	117,120	-
United Arab Emirates	3,056,979	1,704,778
United States	2,151,330	1,055,719
Russian Federation	-	48,034
Finland	-	3,862
France	168,163	216,897
Great Britain	1,325,626	644,213
Holland	40,584	39,231
Yemen	22,342	2,906
Cayman Islands	23,417	-
Seychelles Islands	101,937	-
Virgin Islands	-	264
Indonesia	42,923	-
Japan	-	56,713
Morroco	30,870	-
Mexico	796	27,914
Pakistan	-	197
Peru	16,083	32,893
Sweden	12,584	1,894
Switzerland	719,686	442,016
Turkey	-	16,055
Uruguay	44,371	4,854
Total	14,741,802	11,226,836

8 Cash and cash equivalents

	Consolidated		**Parent company**	
	2013	**2012**	**2013**	**2012**
Cash	31	30	26	18
Demand deposits	318,608	90,203	34,209	7,313
Interest earning bank deposits	251,009	283,347	244,626	51,392
Total	569,648	373,580	278,861	58,723

Demand deposits correspond to the balances in current bank accounts.

The balances of investments are represented by fixed-income securities, which substantially yield the variation of CDI-CETIP – Certificate of Interbank Deposit, have daily liquidity and can be redeemed immediately, without a fine or loss of yield.

9 Trade accounts receivable

	Note	Consolidated		Parent company	
		2013	**2012**	**2013**	**2012**
Domestic customers		253,550	260,783	212,453	260,789
Foreign clients		499,631	294,521	1,400	85
Related parties	26	4	48,311	4	29,820
PECLD		(3,141)	(1,001)	(3,042)	(1,001)
Total		750,044	602,614	210,815	289,693

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 24.

Receivables from customers are classified as receivables stated at amortized cost. The Company assessed the adjustment to present value, with the CDI – Certificate of Interbank Deposit market rate, of its balances of trade receivables as of March 31, 2013 and 2012, and concluded that the amounts substantially match the carrying amounts presented on the balance sheet, considering that most of the trade receivables are issued with maturities of 20 days on average.

The expense on the recognition of the allowance estimated for doubtful accounts (PECLD) was recorded in 'Selling expenses' in the statement of operations. 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.

10 Inventories

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Sugar	718,672	465,257	410,983	183,079
Ethanol	376,714	571,563	129,968	525,992
Gasoline	13,661	-	-	-
Corn	7,119	-	-	-
RIN / LCFS	55,460	-	-	-
Stocks, packaging, and others	18,568	13,442	17,041	12,459
Total	1,190,194	1,050,262	557,992	721,530

The inventories of tradable products – sugar, ethanol, gasoline (and gasoline by-products), RINs and LCFS (Renewable Identification Numbers) 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 corn contracts negotiated on the Chicago Board of Trade (CBOT);
- 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).

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

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

Commodity	**Market index**	**Unit**	**2013**	**2012**
Raw sugar	Sugar #11 (ICE/NYBOT)	¢lb	17.66	24.71
White sugar	Crystal Sugar (CEPEA/ESALQ)	R$/Ton	802.20	973.34
Anhydrous ethanol	Anhydrous ethanol (CEPEA/ESALQ)	R$/m3	1,336.80	1,292.40
Hydrous ethanol	Hydrous ethanol (CEPEA/ESALQ)	R$/m3	1,203.00	1,215.80
Anhydrous ethanol (Europe)	Ethanol (Platts) T2 FOB Rotterdam (CME Group)	EUR/m3	623.00	585.00
Anhydrous ethanol (USA)	Ethanol (Platts) Chicago Platts (CME Group)	USD/GL	2.45	2.2483
Corn	Corn #2 (CME group)	USD/bu	7.30	-
Gasoline	OPIS/ Platts	USD/GL	2.91	-
RIN/ LCFS	OPIS / Heating Oil Reference	US$/unit	0.67	-

The company has no inventories pledged as collateral.

11 Recoverable taxes and contributions

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
ICMS	63,176	141,567	63,158	141,558
IPI	9,873	10,621	9,873	10,621
PIS	7,019	15,216	7,019	15,195
COFINS	32,330	70,067	32,330	69,968
IRPJ	46,399	32,907	44,281	32,026
CSLL	12,713	11,493	12,052	11,230
Others	-	1,130	-	1,073
Total	171,510	283,001	168,713	281,671

12 Advances to suppliers

	Note	Consolidated		Parent company	
		2013	**2012**	**2013**	**2012**
Related parties	26	408,268	-	320	14
Suppliers – Plants		143,207	54,448	16,502	4,243
Others		967	225	967	225
		552,442	54,673	17,789	4,482

Correspond to advances made during the period, mainly for the future delivery of sugar regarding the 2013-2014 harvest.

13 Transactions with exchanges

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

14 Deferred tax assets and liabilities

Deferred tax assets and liabilities were allocated as follows:

Consolidated

	Assets		Liabilities		Net	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Intangible assets	15,070	15,181	-	-	15,070	15,181
Deferred foreign exchange variation	1,424	2,777	-	-	1,424	2,777
Provisions	24,521	24,678	(19)	-	24,502	24,678
Depreciation	-	-	(11,457)	-	(11,457)	-
Tax loss carryforwards	93,420	45,265	-	-	93,420	45,265
Fair value of inventories	13,555	-	-	(5,940)	13,555	(5,940)
Derivatives	-	-	-	-	-	-
Deemed cost	-	-	(20,666)	(19,509)	(20,666)	(19,509)
Others	-	-	(216)	(5)	(216)	(5)
Total	147,990	87,901	(32,358)	(25,454)	115,632	62,447

Parent company

	Assets		Liabilities		Net	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Intangible assets	14,974	14,974	-	-	14,974	14,974
Deferred foreign exchange variation	1,424	2,777	-	-	1,424	2,777
Provisions	19,464	19,844	-	-	19,464	19,844
Tax loss carryforwards	93,311	45,265	-	-	93,311	45,265
Fair value of inventories	13,555	-	-	(5,940)	13,555	(5,940)
Deemed cost	-	-	(291)	(150)	(291)	(150)
Others	(1)	(1)	-	(4)	(1)	(5)
Total	142,727	82,859	(291)	(6,094)	142,436	76,765

Change in temporary differences during the year:

Consolidated

	Balance at 2011	**Recognized in income**	**Balance at 2012**	**Recognized in income**	**Balance at 2013**
Intangible assets	15,294	(113)	15,181	(111)	15,070
Deferred foreign exchange variation	1,712	1,065	2,777	(1,353)	1,424
Provisions	20,841	3,837	24,678	(176)	24,502
Depreciation	-	-	-	(11,457)	(11,457)
Tax loss carryforwards	20,750	24,515	45,265	48,155	93,420
Fair value of inventories	(18,441)	12,501	(5,940)	19,495	13,555
Property, plant and equipment	(22,042)	2,533	(19,509)	(1,157)	(20,666)
Derivatives	(294)	294	-	-	-
Others	-	(5)	(5)	(211)	(216)
	17,820	**44,627**	**62,447**	**53,185**	**115,632**

Parent company

	Balance at 2011	Recognized in income	Balance at 2012	Recognized in income	Balance at 2013
Intangible assets	14,974	-	14,974	-	14,974
Deferred foreign exchange variation	1,712	1,065	2,777	(1,352)	1,424
Provisions	16,134	3,710	19,844	(380)	19,464
Tax loss carryforwards	20,605	24,660	45,265	48,046	93,311
Fair value of inventories	(18,441)	12,501	(5,940)	19,495	13,555
Property, plant and equipment	(120)	(30)	(150)	(141)	(291)
Others	-	(5)	(5)	4	(1)
	34,864	**41,901**	**76,765**	**65,671**	**142,436**

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.

15 Investments

As of March 31, 2013, Company recorded a gain of R$ 265,875 (R$ 202,087 - March 31, 2012) arising from equity in the earnings of its associates, subsidiaries and joint ventures in the parent company financial statements.

On September 28, 2012, the capital of the subsidiary Copersucar Armazéns Gerais S.A. was reduced, and this transaction was settled through the delivery of Copersucar International NV shares to Copersucar S.A.

During 2012, the Company acquired 20.54% of the company Centro de Tecnologia Canavieira S.A.

On December 18, 2012, through its subsidiary Copersucar North America LLC, the Company acquired 65% of the share capital of the US company Eco-Energy Global Biofuels, LLC.
The chart above presents a summary of the financial information at subsidiary and associated companies and joint ventures. The information presented here was not adjusted by the percentage of interest held by the Company.

	Interest %	Quantity of shares	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Shareholders' equity	Revenues	Other income (loss)	Income or loss	Equity in net income of subsidiaries
2012													
Companhia Auxiliar de Armazéns Gerais **(a)**	99.99995	2,019,842	6,112	136,819	142,931	8,337	50,838	59,175	83,756	65,069	(58,047)	7,022	7,022
Copersucar Armazéns Gerais S.A. **(a)**	99.99997	3,512,925	4,561	536,985	541,546	729	60,638	61,367	480,179	12,486	188,549	201,035	201,035
Sugar Express Transportes S.A. **(a)**	99.99000	49,995	2,338	19	2,357	141	1,731	1,872	485	14,126	(13,425)	701	701
Uniduto Logística S.A. **(c)**	19.41000	20,758,629	1,754	29,268	31,022	6	-	6	31,016	79	(825)	(746)	(213)
Logum Logística S.A. **(b)**	20.00000	57,678,860	292,815	449,870	742,685	10,320	478,946	489,266	253,419	13,474	(45,766)	(32,292)	(6,458)
													202,087
2013													
Companhia Auxiliar de Armazéns Gerais **(a)**	99.99995	2,019,842	6,089	215,174	221,263	15,293	118,820	134,113	87,150	85,137	(80,687)	4,450	4,450
Copersucar Armazéns Gerais S.A. **(a)**	99.99997	3,512,925	6,070	8,944	15,014	1,990	73	2,063	12,951	20,803	(109,385)	(88,582)	(88,583)
Sugar Express Transportes S.A. **(a)**	99.99000	49,995	11,364	123	11,487	1,295	9,431	10,726	761	19,528	(19,160)	368	368
Copersucar International N.V. **(d)**	100.00000	24,253,702	-	355,665	355,665	-	-	-	355,665	-	237,946	237,946	336,892
Copersucar North América LLC	100.00000	100	292,611	100,177	392,788	229,578	102,034	331,612	61,176	1,110,589	(1,092,192)	18,397	17,897
CTC-Centro de Tecnologia Canavieira S.A**. (c)**	20.54000	130,292	107,393	109,517	216,910	20,714	36,145	56,859	160,051	70,010	(72,500)	(2,490)	(511)
Uniduto Logística S.A. **(c)**	38.58000	41,270,202	1,298	29,225	30,523	5	-	5	30,518	27	(498)	(471)	(189)
Logum Logística S.A. **(b)**	20.00000	57,678,860	77,730	1,040,513	1,118,243	886,615	-	886,615	231,628	50,413	(72,205)	(21,792)	(4,359)
Produpar Participações S.A.	100.00000	2,997,926											(90)
													265,875

(a) Subsidiary

(b) Joint control

(c) Associate

(d) The accumulated result up to September 2012, totaling R$ (98,946), was recorded in Copersucar Armazéns Gerias S.A., and, after this date, Copersucar S.A. became the shareholder.

The table below presents the breakdown of investments:

	Consolidated		Parent company	
	2013	**2012**	**2013**	**212**
Copersucar Armazéns Gerais S.A.	-	-	12,951	480,179
Companhia Auxiliar de Armazéns Gerais	-	-	87,149	83,757
Logum Logistica S.A.	46,325	50,684	46,325	50,684
Uniduto Logistica S.A.	16,098	9,451	16,098	9,451
Sugar Express Transporte S.A.	-	-	761	485
Centro de Tecnologia Canavieira S.A.	34,527	-	34,527	-
Copa Shipping Company Limited	9,556	4,122	-	-
Copersucar North América LLC	-	-	18,097	-
Copersucar International N.V.	-	-	716,238	-
	106,506	**64,257**	**932,146**	**624,556**
Other unconsolidated investments – valued at fair value:				
Other investments	587	544	133	133
	587	**544**	**133**	**133**
	107,093	**64,801**	**932,279**	**624,689**

16 Investment property

Parent company	**Land**	**Constructions and improvements**	**Fixed assets under construction**	**Total**
Cost				
Balance at 2012	5,433	15,099	1,239	21,771
Additions	-	-	1,251	1,251
Transfers	-	2,490	(2,490)	-
Balance at 2013	**5,433**	**17,589**	**-**	**23,022**
Depreciation				
Balance at 2012	-	(371)	-	(371)
Depreciations of the period	-	(579)	-	(579)
Balance at 2013	**-**	**(950)**	**-**	**(950)**
Net book value				
In 2012	**5,433**	**14,728**	**1,239**	**21,400**
In 2013	**5,433**	**16,639**	**-**	**22,072**

The subsidiary Copersucar S.A. has a warehouse, which is held as an investment property through a lease to the related party Copersucar Armazéns Gerais. This lease is effective for two years. Subsequent refurbishments may occur if agreed upon between the parties. No contingent rent is charged.

The fair value of this asset does not differ from the cost of acquisition (which occurred on January 20, 2010), plus construction in progress (improvements) up to March 31, 2013.

17 Property, plant and equipment

Consolidated	Land	Construction and improvement	Machinery and equipment	Data processing equipment	Furniture and fixtures	Vehicles	Improvements to third-party property	Fixed assets under construction	Total
Cost									
Balance at 2012	5,433	15,099	102,140	2,386	2,937	1,923	97,778	34,552	262,248
Additions	15,084	4,666	34,275	148	919	1,003	1,858	119,104	177,057
Disposals	-	-	-	(6)	(7)	(644)	-	-	(657)
Transfers	-	2,490	1,116	39	30	190	205	(4,085)	(15)
Balance at 2013	20,517	22,255	137,531	2,567	3879	2,472	99,841	149,571	438,633
Depreciation									
Balance at 2012	-	(371)	(65,916)	(1,513)	(832)	(333)	(34,573)	-	(103,538)
Depreciations of the period	-	(699)	(7,974)	(194)	(334)	(343)	(2,995)	-	(12,539)
Disposals	-	-	-	5	2	184	-	-	191
Balance at 2013	-	(1,070)	(73,890)	(1,702)	(1,164)	(492)	(37,568)	-	(115,886)
Net book value									
In 2012	5,433	14,728	36,224	873	2,105	1,590	63,205	34,552	158,710
In 2013	20,517	21,185	63,641	865	2,715	1,980	62,273	149,571	322,747

Parent company	**Land**	**Machinery and equipment**	**Data processing equipment**	**Furniture and fixtures**	**Vehicles**	**Fixed assets under construction**	**Total**
Cost							
Balance at 2012	-	5,682	1,807	2,490	1,704	2,007	13,690
Additions	10,094	-	147	37	884	21,461	32,623
Disposals	-	-	(2)	(7)	(644)	-	(653)
Transfers	-	822	-	-	-	(822)	-
Balance at 2013	10,094	6,504	1,952	2,520	1,944	22,646	45,660
Depreciation							
Balance at 2012	-	(412)	(1,167)	(606)	(305)	-	(2,490)
Depreciations of the period	-	(542)	(122)	(170)	(181)	-	(1,015)
Disposals	-	-	2	2	184	-	188
Balance at 2013	-	(954)	(1,287)	(774)	(302)	-	(3,317)
Net book value							
In 2012	-	5,270	640	1,884	1,399	2,007	11,200
In 2013	10,094	5,550	665	1,746	1,642	22,646	42,343

Fixed assets under construction

During the year, the Company acquired a property in the city of Paulínia (State of São Paulo), where construction works are underway for installation of ethanol storage and distribution facilities.

Through its subsidiary, Cia. Auxiliar de Armazéns Gerais, the Company is carrying out a refurbishment project at the Copersucar Sugar Terminal (TAC) located at the Port of Santos, State of São Paulo, for installation of a bulk silo and other complementary construction works.

The Company assessed the capitalizable costs of loans and did not make any adjustments, since the balances calculated were reviewed and deemed immaterial.

18 Intangible assets

Consolidated	**SOFTWARE**	**Brands**	**Goodwill**	**Relationship with customers and other parties**	**Total**
Cost					
Balance at 2012	12,864	137	-	-	13,001
Additions	11,914	4,430	106,844	32,897	156,085
Transfers	13	-	-	-	13
Balance at 2013	24,791	4,567	106,844	32,897	169,099
Amortizations					
Balance at 2012	(1,239)	-	-	-	(1,239)
Amortization for the period	(3,145)	-	-	-	(3,145)
Balance at 2013	(4,384)	-	-	-	(4,384)
Net book value					
In 2012	11,625	137	-	-	11,762
In 2013	20,407	4,567	106,844	32,897	164,715

Parent company	**SOFTWARE**	**Brands**	**Total**
Cost			
Balance at 2012	12,355	137	12,492
Additions	6,026	-	6,026
Balance at 2013	18,381	137	18,518
Amortizations			
Balance at 2012	(1,075)	-	(1075)
Amortization for the period	(2,493)	-	(2,493)
Balance at 2013	(3,568)	-	(3,568)
Net book value			
In 2012	11,280	137	11,417
In 2013	14,813	137	14,950

19 Suppliers

	Note	**Consolidated**		**Parent company**	
		2013	**2012**	**2013**	**2012**
Suppliers		366,369	91,056	20,714	14,945
Related parties	26	947,231	108,397	997,831	154,728
Total		1,313,600	199,453	1,018,545	169,673

The balances of trade payables and related parties correspond to the item “Payables 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 24.

20 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 24.

							Consolidated		Parent company	
Description	**Purpose**	**Guarantee**	**Currency**	**Index**	**Average annual interest rate**	**Year of maturity**	**2013**	**2012**	**2013**	**2012**
Export credit note	Working Capital	Guarantee of Cooperative	US$	Prefixed rate	2.93%	2013–2015	416,093	448,299	416,093	448,299
Export pre-payment	Working Capital	Aval da Cooperativa/Copersucar S.A.	US$	Prefixed rate	3.84%	2013–2017	607,831	641,538	-	-
Direct External Borrowing	Working Capital	Guarantee of Cooperative	US$	Prefixed rate	2.72%	2013	270,333	379,825	270,333	379,825
Working Capital	Working Capital	Aval da Cooperativa/Copersucar S.A.	US$	Prefixed rate	3.65%	2013–2020	518,589	237,100	-	-
Export credit note	Working Capital	Guarantee of Cooperative	R$	CDI-CETIP	7.86%	2014	472,251	520,336	472,252	520,336
BNDES-FINAME	Fixed assets	Guarantee from Arrepar with statutory lien	R$	TJLP	3.17%	2013–2016	4,073	5,159	-	-
BNDES-FINEN	Fixed assets	Guarantee from Copersucar S.A. with statutory lien	R$	TJLP	2.22%	2013–2022	43,616	-	-	-
Total loans and financing							2,332,786	2,232,257	1,158,678	1,348,460
Current liabilities							1,243,791	615,585	801,854	373,580
Non-current liabilities							1,088,995	1,616,672	356,824	974,880

Terms and schedule of debt amortization

Terms and conditions of outstanding loans are as follows:

Consolidated

					2013		2012	
	Currency	Index	Average annual interest rate	Year of maturity	Book value	Fair value	Book value	Fair value
Export credit note	US$	Prefixed rate	2.93%	2013–2015	416,093	424,245	448,299	459,851
Export pre-payment	US$	Prefixed rate	3.84%	2013–2017	607,831	660,258	459,070	476,965
Direct External Borrowing	US$	Prefixed rate	2.72%	2013	270,333	268,160	379,825	384,497
Working Capital	US$	Prefixed rate	3.65%	2013–2020	518,589	526,428	419,567	428,041
Export credit note	R$	CDI-CETIP	7.86%	2014	472,251	472,251	520,336	520,336
BNDES – FINAME	R$	TJLP	3.17%	2013–2016	4,073	4,073	5,160	5,160
BNDES – FINEM	R$	TJLP	2.22%	2013–2022	43,616	43,615	-	-
					2,332,786	2,399,030	2,232,257	2,274,850

Of the amount presented above, R$ 1,903,331 thousand is guaranteed by the related party - Cooperativa (refer to note 26).

Parent company

					2013		2012	
	Currency	Index	Average annual interest rate	Year of maturity	Book value	Fair value	Book value	Fair value
Export credit note	US$	Prefixed rate	2.93%	2013–2015	416,093	424,245	448,299	459,851
Direct External Borrowing	US$	Prefixed rate	2.72%	2013	270,333	268,160	379,825	384,497
Export credit note	R$	CDI-CETIP	7.86%	2013–2014	472,252	472,251	520,336	520,336
					1,158,678	1,164,656	1,348,460	1,364,684

Maturities of the principal and interest of borrowings as of March 31, 2013

	Consolidated	**Parent company**
2013	1,243,792	801,855
2014	625,355	317,361
2015	123,210	19,731
2016	123,210	19,731
2017	102,530	-
2018	35,163	-
2019	35,163	-
2020	35,163	-
2021	4,600	-
2022	4,600	-
	2,332,786	1,158,678

The Company and its subsidiaries do not have covenants in the borrowing agreements in effect.

21 Taxes and contributions payable

	Consolidated		**Parent company**	
	2013	**2012**	**2013**	**2012**
ICMS	31,779	12,131	9,964	12,119
IPI	-	27	-	27
PIS	86	67	5	8
COFINS	246	199	23	33
ISS	654	204	103	23
Others	2,199	779	685	643
Total current	34,964	13,407	10,780	12,853
Taxes in installments	675	733	-	-
Total non-current liabilities	675	733	-	-
Total	35,639	14,140	10,780	12,853

22 Advances from clients

	Note	Consolidated		Parent company	
		2013	2012	2013	2012
Domestic Market Customers		9,456	-	9,137	-
Foreign Market Customers		23,316	-	-	-
Related parties	26	-	-	93,408	399,957
		32,772	-	102,545	399,957

23 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 concerning amounts claimed, recorded provisions for amounts considered sufficient to cover estimated losses from current lawsuits, as follows:

	Consolidated			Parent company		
	Tax	Labor	Total	Tax	Labor	Total
Balance at 2011	20,623	1,219	21,842	9,700	-	9,700
Provisions formed during the period	6,470	250	6,720	5,456	-	5,456
Provisions used during the period	(58)	(590)	(648)	-	-	-
Balance at 2012	27,035	879	27,914	15,156	-	15,156
Provisions formed during the period	7,248	383	7,631	5,829		5,829
Provisions used during the period	-	(393)	(393)	-	-	-
Balance at 2013	34,283	869	35,152	20,985	-	20,985

In relation to the contingencies presented above, as of March 31, 2013, there are escrow deposits for the Consolidated and Parent Company financial statements totaling R$ 33,782 and R$ 20,985, respectively (R$ 25,958 and R$ 14,711 – March 31, 2012).

The Company has filed a lawsuit to exclude ICMS tax from the calculation base for PIS and COFINS, as it considers that this sum (ICMS) is not earnings or invoicing, but rather a state tax, and the Company is merely a paying agent. Because of a court order, the Company has been paying PIS and COFINS after excluding ICMS tax from the calculation base, and has made court deposits of the difference.

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

24 Financial instruments

Overview

The Company is subject to a number of risks, such as financial (liquidity, market and credit), legal and operational risks. Based on an in-depth analysis of the risk matrix, the Company selects the risks, which are most likely to occur, and their financial impact, and monitors them on a periodic basis. The risks treated as priorities are as follows:

- Credit risk;
- Liquidity risk;
- Market risk: commodity prices and exchange rate; and
- Operational risk.

Currently, the risk management policy adopts the following assumptions:

- All the risks classified as “priorities” are identified, reviewed and monitored;
- Capital expenditure limits are approved by the Board of Directors;
- All exposures are reported and measured with the appropriate frequency;
- The risk management area monitors the exposures, the risks taken against the pre-established limits, notifies the business areas, the Audit and Risk Committee and the Executive Board of any deviations, and provides guidance on how to reduce exposure and request additional limits.

This note presents information on the Company's exposure to each one of the abovementioned risks, the Company's goals, policies and processes for the measurement and management of risk, and the Company's capital management. Additional quantitative disclosures are included throughout these financial statements.

Risk management structure

The Board of Directors has responsibility for the establishment and supervision of the Company's risk management structure. The Board of Directors set up the Audit and Risk Committee, which is responsible, together with the risk management area, for developing and monitoring the Company’s risk policies. This Committee regularly reports to the Board of Directors on its activities, whereas the risk management area reports to the CEO.

The risk management policies of the Company are established to identify and analyze the risks the Company faces, to define capital limits, exposures and controls of risks, and to monitor risks and adherence to the pre-established limits. The risk management policies and systems are determined annually and reviewed to reflect changes in the market conditions and in the Company's activities. The Company, through its training and management rules and procedures, aims at developing a disciplined and constructive control environment, i.e., a risk culture where all the employees are aware of their roles and duties.

Audit and Risk Committee

The Company’s Audit and Risk Committee is made up of four (4) members appointed by the Board of Directors for three-year terms coinciding with the terms of the Board of Directors itself. Fortnightly, meetings are held with all members of the Supervisory Board and Risk Committee.

The Committee aids Management and plays an important role in Corporate Governance model adopted by the Company. Activities attributions are as follows:

- Evaluate and monitor operating and financial risks existing in the Company’s business;
- Follow up, with external auditor, relevant and/or significant matters related to accounting practices adopted by Management on the Company’s financial statements;
- Follow up and discuss internal controls, reports, pending items and issues referring to internal and external audit work;
- Suggest and direct internal audit tasks and functions.

The Company's Audit and Risk Committee supervises how management keeps track of the performance of the risk management policies and procedures, and reviews the adequacy of the risk management structure in relation to the risks faced by the Company. The Committee is assisted in its supervision role by Internal Audit. The Internal Audit department carries out both regular reviews and reviews of controls and risk management procedures, the outcomes of which are reported to the Audit and Risk Committee.

Credit risk

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

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.

The Company operates in sugar and ethanol segments and provides sugar-lifting services in its port terminal. For domestic market customers, average receipt period is 20 days for sugar; while for ethanol sales, 70% of customers pay within 15 days and remaining 30% pay at sight. As regards accounts receivable from foreign market, including Latin America, approximately 80% of customers pay them using *Cash Against Documents*, that is, only after obligations are paid, documents are released to the customer for unloading of goods. Customers that do not use this payment type, pay through credit letter with prime banks.

More than 80% of the Company’s customers are customer for more than 5 years and present a very low history of losses. When monitoring customers’ credit risk, customers are grouped according to their credit characteristics - including whether they are distributors, industries or refineries - geographical location and history of financial difficulties.

ii. 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 whose details are in note 26.

iii. Purchase contracts with non-related suppliers

The Company is subject to default risks on delivery of products included in purchase contracts at fixed price with non-related plants and trading firms (suppliers/ third parties’ origination). To minimize risk of concentration on non-related supplier, current policy determines that individual volume contracted at fixed price should not exceed 20% of total estimated purchase volume for current crop with non-related parties.

Liquidity risk

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

Market risk

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

The Company buys and sells derivatives and complies with financial obligations to manage market risks. All these operations are conducted according to guidelines established by the Supervisory and Risk Board and decided by the Board of Directors.

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, 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. The use of these derivative contracts is monitored and based on risk limits pre-established by the Board of Directors.

The Company does not have sugar and ethanol production plants. Approximately 75% of traded raw material is acquired from partner production units, while other 25% derives from non-partner production units and other trading firms. In accordance with supply contract entered into by Copersucar S.A. and Cooperativa de Produtores de Cana-de-Açúcar, Açúcar e Álcool do Estado de São Paulo, which are partner parties, negotiation price is formed based on CEPEA/ESALQ index over the period for delivery of goods.

Sugar is traded in domestic and foreign markets and sale price is formed by *Sugar #11/ICE* sugar price of the New York Stock Exchange. This turns such risk into the main portfolio risk factor. Net exposure of purchases and sales is managed with the use of *Sugar #11/ICE* derivative financial instruments (future or over-the-counter) referred to the same stock exchange, and is monitored through risk limits pre-established by the Board of Directors.

Ethanol is also traded in domestic and foreign markets and its sales price is formed by CEPEA/ESALQ index. This turns such risk into the main portfolio risk factor. Accordingly, net position between purchase and sales at fixed price is exposed to the risk of ethanol price variation. Monitoring of risk exposure 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 period.

ii. Currency risk

The Company is subject to currency risk in the sales, purchases and loans denominated in a currency other than its functional currency of the Company and its subsidiaries, the real (R$).

The Company uses Over-the-counter Contracts or Exchange Contracts to hedge against currency risk, effective for less than one year counted as of financial statements date. 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, 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.

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

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

iii. 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.

Operational risk

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

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

Capital management

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

The Company operates with several financial instruments, as follows: interest earning bank deposits, receivables from clients, payables to suppliers and loans and financing. Transactions with derivative financial instruments contracted to hedge against market volatility, as well as forward merchandise purchase and sale transactions with Cooperativa, are also part of financial instruments' portfolio. The following hedging instruments are used for this purpose: Exchange swap, transactions with NDF - *Non-Deliverable Forwards*, futures and options of commodities and currency.

	Consolidated		**Parent company**	
	2013	**2012**	**2013**	**2012**
Financial instruments measured at fair value through profit or loss				
Assets				
Cash and cash equivalents	569,648	373,580	278,861	58,723
Stock Exchange transactions	24,913	52,527	3	672
Unrealized derivative financial instruments	244,599	61,857	93,838	41,120
Liabilities				
Stock Exchange transactions	42,642	-	39	-
Unrealized derivative financial instruments	92,685	24,458	-	-
Loans and receivables				
Trade accounts receivable	750,044	602,614	210,815	289,693
Advances to suppliers	552,442	54,673	17,789	4,482
Other accounts receivable	15,720	5,119	1,308	2,842
Granted loans – related parties	-	1,099	46,605	25,246
Liabilities held at amortized cost				
Suppliers	1,313,600	199,453	1,018,545	169,673
Loans and financing	2,332,786	2,232,257	1,158,678	1,348,460
Advances to clients	32,772	-	102,545	399,957
Other accounts payable	20,778	25,244	234	11,357

Classification of financial instruments

In the year ended March 31, 2013 and year ended March 31, 2012, no financial instruments were reclassified.

Credit risks

Credit risk exposure

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

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Demand deposits	318,608	90,203	34,209	7,313
Interest earning bank deposits	251,009	283,347	244,626	51,392
Trade accounts receivable	750,044	602,614	210,815	289,693
Advances to suppliers	552,442	54,673	17,789	4,482
Stock Exchange transactions	24,913	52,527	3	672
Unrealized derivative financial instruments	244,599	61,857	93,838	41,120
Other accounts receivable	15,720	5,119	1,308	2,842

Financial investment transactions are scattered into several financial institutions that are considered as prime institutions by the market.

The three most important customers of the Company are responsible for R$244 thousand of receivables on March 31, 2013 (R$253 thousand on March 31, 2012), and during these periods relevant exchanges occurred between customers.

Other financial instruments do not present significant risk concentrations, except for trade accounts receivable for which the Company uses credit letters, CAD - *Cash Against Document*, or credit insurance to hedge its portfolio.

Trade accounts receivable

Maximum exposure to credit risk, on report date and per geographical region, of trade accounts receivable presented above was as follows:

	Consolidated					
	2013	**Amount secured**	**Net exposure**	**2012**	**Amount secured**	**Net exposure**
Domestic	243,125	-	243,125	260,782	-	260,782
Algeria (b)	83,855	83,855	-	88,624	88,624	-
Rep. Of Seychelles (b)	50,568	50,568	-	-	-	-
England (b)	-	-	-	55,703	55,703	-
Saudi Arabia (b)	46,859	46,859	-	54,317	54,317	-
Dubai (b)	11,309	11,309	-	45,608	45,608	-
Switzerland (b)	105,362	105,362	-	27,462	27,462	-
Colombia (b)	3,893	3,893	-	7,427	7,427	-
Holland (b)	5,433	5,433	-	2,153	2,153	-
Singapore (b)	4,019	4,019	-	1,789	1,789	-
USA (a)	141,078	47,999	93,079	-	-	-
Canada a)	37,800	442	37,358	-	-	-
Others (a)	16,739	7,449	9,290	11,438	11,438	-
Related parties (c)	4	4	-	47,311	47,311	-
	750,044	367,192	382,852	602,614	341,832	260,782

	Parent company					
	2013	**Amount secured**	**Net exposure**	**2012**	**Amount secured**	**Net exposure**
Domestic	209,411	-	209,411	259,788	-	259,788
Others	1,400	-	1,400	85	85	-
Related parties (c)	4	4	-	29,820	29,820	-
	210,815	4	210,811	289,693	29,905	259,788

(a) 100% guaranteed balances, being: 80% *Cash Against Document*, 13% through credit letter and 7% per credit insurance;

(b) Balances 100% guaranteed by credit letters from a prime international banks;

(c) The Company does not consider the existence of credit risk for its related-party transactions.

Impairment losses

Trade accounts rec mature as follows:

Consolidated

	2013		2012	
	Gross	**PECLD**	**Gross**	**PECLD**
Not overdue	717,014	-	430,881	-
Overdue for 0–30 days	30,160	-	90,409	-
Overdue for 31–120 days	1,367	-	24,329	-
Over 120 days	4,644	(3,141)	57,996	(1,001)
Total	753,185	(3,141)	603,615	(1,001)

Parent company

	2013		2012	
	Gross	**PECLD**	**Gross**	**PECLD**
Not overdue	185,729	-	224,905	-
Overdue for 0–30 days	24,761	-	51,928	-
Overdue for 31–120 days	85	-	12,860	-
Over 120 days	3,282	(3,042)	1,001	(1,001)
Total	213,857	(3,042)	290,694	(1,001)

Commodity risk

Consolidated

					Fair value (R$ thousand)			Fair value (R$ thousand)		
	Volume		Notional (R$ thousand)		2013			2012		
	2013	**2012**	**2013**	**2012**	**Up to 6 months**	**> 6 months**	**Fair value**	**Up to 6 months**	**> 6 months**	**Fair value**
Forward contracts										
Long position										
Goods										
Sugar (tons)	1,165,887	1,282,462	962,075	1,238,162	(23,542)	(10,405)	(33,947)	28,996	(8,999)	19,997
Ethanol (m3)	2,073,165	-	2,605,278	-	3,709	811	4,519	-	-	-
Corn (tons)	1,723,111	-	262,111	-	(3,514)	(1,898)	(5,412)	-	-	-
Gasoline (m3)	13,037	-	20,576	-	512	-	512	-	-	-
					(22,835)	**(11,492)**	**(34,328)**	**28,996**	**(8,999)**	**19,997**
Future contracts (Forward)										
Short position										
Goods										
Sugar (ton)	(838,798)	(1,466,825)	(728,044)	(1,450,441)	70,541	(19)	70,522	11,773	7,440	19,213
Options – Sugar (tons)	(8,243)	(4,480)	(4,450)	(3,557)	1,022	-	1,022	291	-	291
Ethanol (m3)	(2,230,385)	(1,700)	(2,839,563)	149	19,543	2,456	21,999	348	-	348
Corn (tons)	(1,314,340)	-	(242,911)	-	6,783	369	7,152	-	-	-
Gasoline (m3)	(30,060)	-	(46,712)	-	(1,200)	39	(1,161)	-	-	-
					96,689	**2,845**	**99,534**	**12,412**	**7,440**	**19,852**

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

a. Futures and option 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*)

b. Forward contracts traded directly with customers and suppliers

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

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

Measurement at fair value of forward contracts with customers and suppliers is carried out based on the difference between fixed purchase or sale price and market price on base date. To determine market prices, the same setting indicators are used, that is Sugar #11/ICE quotations. 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.

Note that CEPEA/ESALQ changed CEPEA/ESALQ Sugar Index calculation methodology for 2012/2013 crop. Until prior period, International Market Price Indicators were calculated based on weighted monthly averages of amounts effectively traded by type of sugar. For the purpose of average price calculation, the month in which product was shipped was considered and not necessarily the month in which negotiation was carried out. Aiming at improving the model, beginning as of April 2012, new methodology starts to adopt quotations of contract no. 11 of ICE FUTURES Intercontinental Exchange of New York as pricing basis to define indicators, according to weighing based on percentage pre-attributed to reference screen for a certain month and also months in which daily quotations will be used as the basis (average) to calculate reference screen value.

Forward contracts include the volume of 701.8 thousand tons and notional value of R$572,428 on March 31, 2013, referring to Supply Contract with the Cooperative (see note 25). These volumes represent contract portion whose price is already defined according to CEPEA methodology, as contract negotiation price follows CEPEA/ESALQ Gross Sugar index. Fair value calculation model on base date is determined by the difference between: (i) estimated CEPEA/ESALQ Gross Sugar index based on average quotations of disclosed Sugar #11/ICE contract prices and (ii) average of Sugar #11/ICE prices on weighed base date according to delivery volumes corresponding to each screen maturity at ICE. Polarization effects (4.05%) and freight and lifting costs are adjusted at price CEPEA/ESALQ Gross Sugar index.

The Company applied this new methodology to financial statements since the year ended March 31, 2012.

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 variation over the following 12 months. Possible and Remote scenarios are those proposed by Instruction no. 475/08 of CVM.

Used methodology was *delta MTM*, i.e. to recalculate fair value with the stress of each scenario on market rate as of March 31, 2013.

	Scenarios		
Commodities price risk	**Probable**	**Possible**	**Remote**
Scenarios and price levels	***5.9%***	***-25%***	***-50%***
Non-derivative	12,872	(53,757)	(107,516)
Derivatives	(7,618)	31,102	62,205
Total effects	5,254	(22,655)	(45,311)

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

Liquidity risk

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 or less**	**6–12 months**	**1–2 years**	**2–5 years**	**> 5 years**
March 31, 2013						
Suppliers	1,313,600	1,313,600	-	-	-	-
Loans and financing	2,332,786	643,909	599,883	625,355	348,950	114,689
Unrealized derivative financial instruments:						
- NDF	2,425	2,229	196	-	-	-
- Commodity future	90,260	90,260	-	-	-	-
Other accounts payable	20,778	20,778	-	-	-	-
March 31, 2012						
Suppliers	199,453	199,453	-	-	-	-
Loans and financing	2,232,257	391,920	223,665	880,500	736,172	-
Unrealized derivative financial instruments:						
- NDF	7,857	7,606	251	-	-	-
- Forward contract	15,804	15,804	-	-	-	-
- Commodity future	797	797	-	-	-	-
Other accounts payable	25,244	25,244	-	-	-	-

Parent company	**Contractua l cash flow**	**6 months or less**	**6–12 months**	**1–2 years**	**2–5 years**
March 30, 2013					
Suppliers	1,018,545	1,018,545	-	-	-
Loans and financing	1,158,678	438,565	363,289	317,361	39,463
Other accounts payable	234	234	-	-	-
March 31, 2012					
Suppliers	169,673	169,673	-	-	-
Loans and financing	1,348,460	150,779	222,801	697,208	277,672
Other accounts payable	11,357	11,357	-	-	-

Exchange rate risk

Foreign currency exposure

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

Consolidated	**2013**	**2012**
Assets		
Cash and cash equivalents	283,733	309,598
Trade accounts receivable	593,552	296,168
Inventories	630,675	327,749
Advances to suppliers	628,026	50,049
Stock Exchange transactions	24,910	52,527
Unrealized derivative financial instruments	150,761	20,737
Property, plant and equipment	52,438	-
Intangible assets	149,178	-
Liabilities		
Suppliers	(385,807)	(126,092)
Loans and financing	(1,812,846)	(1,706,762)
Social charges and labor legislation obligations	(6,823)	-
Taxes and contributions payable	(22,984)	-
Stock Exchange transactions	(42,603)	-
Unrealized derivative financial instruments	(92,685)	(24,458)
Deferred tax liabilities	(11,686)	-
Other accounts payable	(43,684)	(12,679)
Gross exposure of the shareholders' equity	94,155	(813,163)
Notional derivatives contracted to hedge against the foreign exchange risk	412,847	120,373
Net exposure	507,002	(692,790)

Parent company	**2013**	**2012**
Assets		
Trade accounts receivable	1,400	-
Brokers	-	672
Liabilities		
Suppliers	(49,938)	(788)
Loans and financing	(686,426)	(828,124)
Gross exposure of the shareholders' equity	(734,964)	(828,240)
Notional derivatives contracted to hedge against the foreign exchange risk	681,346	828,852
Net exposure	(53,618)	612

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

Amounts below comprise the Notional balance presented above:

			Consolidated		**Parent company**	
Description	**Counterparty**	**Maturity**	**2013**	**2012**	**2013**	**2012**
Exchange NDF	Itaú / Deutsche / Standart Chartered / Merril Lynch / JP Morgan / Morgan Stanley/HSBC/Barclays	2013–2014	(270,513)	(703,013)	-	5,466
Foreign exchange Swap	Itaú / Deutsche / Rabobank / Citibank / Merril Lynch	2013–2015	683,360	823,386	681,346	823,386
Total			412,847	120,373	681,346	828,852

Foreign exchange sensitivity analysis

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

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

Methodology used was *delta MTM*, that is, fair value recalculation with each scenario focused on market rate on March 31, 2013 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.

	Scenarios		
Exchange risk	**Probable**	**Possible**	**Remote**
Scenarios and price levels	**1.6% (2.05 BRL/USD)**	**25% (2,5173 BRL/USD)**	**50% (3,0207 BRL/USD)**
Assets	45,178	628,380	1,256,636
Liabilities	(43,486)	(604,839)	(1,209,559)
Derivatives	7,421	103,222	206,423
Total effects	9,113	126,763	253,500

Brazilian Real appreciation against currencies above, on March 31, 2013, would have the same effect, but with the opposite result on currencies presented above, considering that all other variables would remain constant.

Interest rate risk

Profile

On the balance sheet dates, the profile of financial instruments remunerated through variable-rates was:

Fixed rate instruments

The Company does not record any fixed rate financial assets or liabilities at fair value through profit or loss, and does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in the interest rates on the reporting date would not affect profit or loss.

Variable rate instruments

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Financial assets	251,009	283,348	244,626	51,392
Financial liabilities	(472,251)	(525,495)	(473,251)	(520,336)

The Company does not perform sensitivity analysis for financial instruments linked to interest variable rates, as it considers that possible impacts are irrelevant for the Company’s financial statements.

Gains (losses) with unrealized derivative financial instruments

Summary of gains (losses) recorded on March 31, 2013 and 2012 that affected balance sheet and amounts that affected the Company’s accumulated income on those dates:

Consolidated

	2013			2012		
	Effects on the balance sheet		Effects on income (loss)	Effects on the balance sheet		Effects on income (loss)
	Assets	Liabilities		Assets	Liabilities	
Fixed-term / commodities	145,101	90,260	34,583	19,681	16,601	(193,723)
	145,101	90,260	34,583	19,681	16,601	(193,723)
Non deliverable forwards	5,660	2,425	10,023	1,069	7,857	(7,466)
SWAP	93,838	-	52,731	41,107	-	72,253
	99,498	2,425	62,754	42,176	7,857	64,787
Total	244,599	92,685		61,857	24,458	
Current	211,723	92,685		40,008	24,458	
Non-current	32,876	-		21,849	-	

Parent company

	2013			2012		
	Effects on the balance sheet		Effects on income (loss)	Effects on the balance sheet		Effects on income (loss)
	Assets	Liabilities		Assets	Liabilities	
Non deliverable forwards	-	-	(13)	13	-	13
SWAP	93,838	-	52,731	41,107	-	72,253
	93,838	-	52,718	41,120	-	72,266
Current	60,990	-		19,271	-	
Non-current	32,848	-		21,849	-	

Fair value

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	2013 Book value	2013 Fair value	2012 Book value	2012 Fair value
Financial instruments measured at fair value through profit or loss				
Assets				
Cash and cash equivalents	569,648	569,648	373,580	373,580
Inventories	1,190,194	1,190,194	1,050,262	1,050,262
Stock Exchange transactions	24,913	24,913	52,527	52,527
Unrealized derivative financial instruments	244,599	244,599	61,857	61,857
Liabilities				
Stock Exchange transactions	42,642	42,642	-	-
Unrealized derivative financial instruments	92,685	92,685	24,458	24,458
Loans and receivables				
Trade accounts receivable	750,044	750,044	602,614	602,614
Advances to suppliers	552,442	552,442	54,673	54,673
Other accounts receivable	15,420	15,420	5,119	5,119
Granted loans – related parties	-	-	1,099	1,099
Liabilities held at amortized cost				
Suppliers	1,313,600	1,313,600	199,453	199,453
Loans and financing	2,332,786	2,399,030	2,232,257	2,274,850
Stock Exchange transactions	42,642	42,642	-	-
Loan operations	64	64	-	-
Other accounts payable	20,778	20,778	25,244	25,244

Parent company	2013 Book value	2013 Fair value	2012 Book value	2012 Fair value
Financial instruments measured at fair value through profit or loss				
Assets				
Cash and cash equivalents	278,861	278,861	58,723	58,723
Inventories	557,992	557,992	721,530	721,530
Stock Exchange transactions	3	3	672	672
Unrealized derivative financial instruments	98,838	98,838	41,120	41,120
Liabilities				
Stock Exchange transactions	39	39	-	-
Loans and receivables				
Trade accounts receivable	210,815	210,815	289,693	289,693
Advances to suppliers	17,789	17,789	4,482	4,482
Other accounts receivable	1,308	1,308	2,842	2,842
Granted loans – related parties	46,605	46,605	25,246	25,246
Liabilities held at amortized cost				
Suppliers	1,018,545	1,018,545	169,673	169,673
Loans and financing	1,158,678	1,158,678	1,348,460	1,364,683
Advances to clients	102,545	102,545	399,957	399,957
Stock Exchange transactions	39	39	-	-
Other accounts payable	234	234	11,357	11,357

Fair value hierarchy

The table below provides an analysis of financial instruments that are measured at fair value after first-time recognition, grouped in levels 1–3 based on the observable level of fair value:

- **Level 1 measurements of fair value** are obtained from (unadjusted) prices quoted in active markets for identical assets and liabilities;

- **Level 2 fair value measurements** are obtained through other variables in addition to quoted prices included in Level 1, which are verifiable directly for the asset or liability (that is, as prices) or indirectly (that is, based on prices);

- **Level 3 fair value measurements** are obtained through evaluation techniques that include variables for the asset or liability, but that are not based on verifiable market data (non-verifiable data). There are no financial instruments grouped at this level.

Consolidated	**Level 1**	**Level 2**
March 31, 2013		
Assets		
Cash and cash equivalents	318,639	251,009
Inventories	-	1,190,194
Stock Exchange transactions	-	24,913
Unrealized derivative financial instruments	-	244,599
Liabilities		
Stock Exchange transactions	-	42,642
Unrealized derivative financial instruments	-	92,685
March 31, 2012		
Assets		
Cash and cash equivalents	34,235	244,626
Inventories	-	1,050,262
Stock Exchange transactions	-	52,527
Unrealized derivative financial instruments	-	61,857
Liabilities		
Unrealized derivative financial instruments	-	24,458

Parent company	**Level 1**	**Level 2**
March 31, 2013		
Assets		
Cash and cash equivalents	278,861	-
Inventories	-	557,992
Stock Exchange transactions	-	3
Unrealized derivative financial instruments	-	93,838
Liabilities		
Stock Exchange transactions	-	39
March 31, 2012		
Assets		
Cash and cash equivalents	58,723	-
Inventories	-	721,530
Stock Exchange transactions	-	672
Unrealized derivative financial instruments	-	41,120

25 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, 2013, sugar contracted volume is 5,154 thousand tons (4,738 thousand tons on March 31, 2012), ethanol contracted volume is 811.4 thousand m^3 (325 thousand m^3 on March 31, 2012).

Purchasing

In accordance with the contract entered into by the Company and its related party - Cooperativa, on March 31, 2013 and 2012, committed volumes were as follows (sugar in million tons and ethanol in billion liters):

Purchase	**2013**	**2012**
White sugar	1,536	1,965
Raw sugar	4,358	3,606
Total	**5,894**	**5,571**
Anhydrous ethanol	2,317	1,959
Hydrous ethanol	2,468	2,046
Total	**4,785**	**4,005**

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.

Ferrovia Centro Atlântica - FCA

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

26 Related parties

Parent company and part of the final parent company

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

Shareholders – Group	Quantity of common shares	Quantity of preferred shares	Total shares	% Interest
Virgolino Oliveira	44,390,587	2	44,390,589	11,056,154
Zilor	44,369,253	3	44,369,256	11,050,841
Pedra	40,146,279	1	40,146,280	9,999,044
Cocal	25,083,962	1	25,083,963	6,247,544
Batatais	24,267,508	1	24,267,509	6,044,194
Aralco	23,416,085	4	23,416,089	5,832,134
Viralcool	23,066,408	2	23,066,410	5,745,041
Ipiranga	20,468,877	2	20,468,879	5,098,087
Santa Adélia	27,234,530	2	27,234,532	6,783,176
Balbo	22,102,772	3	22,102,775	5,505,033
São J. da Estiva	13,764,565	1	13,764,566	3,428,275
São Manoel	13,108,951	1	13,108,952	3,264,985
Improvements	5,493,556	1	5,493,557	1,368,254
Ferrari	10,269,374	1	10,269,375	2,557,745
Pitangueiras	10,125,557	1	10,125,558	2,521,925
Furlan	10,044,335	1	10,044,336	2,501,695
São Luiz	9,375,426	1	9,375,427	2,335,093
Umoe Bioenergy	8,575,105	1	8,575,106	2,135,761
Jacarezinho	6,500,106	1	6,500,107	1,618,951
Cerradão	5,329,974	1	5,329,975	1,327,512
Santa Lucia	5,034,227	1	5,034,228	1,253,851
Santa Maria	4,495,099	1	4,495,100	1,119,573
Caçu	2,843,066	1	2,843,067	0,708,109
Decal – Rio Verde	1,944,398	1	1,944,399	0,484,282
Others	51,150	1	51,151	0,012,740
	401,501,150	36	401,501,186	100,000,000

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: Commercial, Logistics and Administrative-Financial, and Planning.

For the year ended March 31, 2013, remuneration of management's key personnel totaled R$10,353 (R$16,488 for the year ended March 31, 2012) and includes salaries, short and long-term remuneration, short- and long-term and post-employment benefits.

Remuneration of key management personnel includes:

	Consolidated		**Parent company**	
	2013	**2012**	**2013**	**2012**
Short-term employee benefits	7,181	6,720	7,181	6,720
Post-employment benefits	852	756	852	756
Short-term Variable Remuneration	-	6,040	-	6,040
Variable remuneration – long-term (a)	2,320	9,012	2,320	9,012
	10,353	22,528	10,353	22,528

(a) Part of the amount segregated as long-term benefit refers to a bonus granted to key personnel and is linked to the Company's value based on EBITDA perpetuity. Provisions are recorded for these amounts and will be paid in case goal is reached after three years.

Other related party balances

		Consolidated		**Parent company**	
	Note	**2013**	**2012**	**2013**	**2012**
Current assets					
Accounts receivable					
Cooperative		4	48,311	4	14,161
Copersucar Trading A.V.V.		-	-	-	15,659
	9	**4**	**48,311**	**4**	**29,820**
Dividends					
Companhia Auxiliar de Armazéns Gerais		-	-	1,057	1,668
Copersucar Armazéns Gerais S.A.		-	-	-	50,259
Sugar Express Transportes S.A.		-	-	92	141
		-	**-**	**1,149**	**52,068**
Advances to suppliers					
Companhia Auxiliar de Armazéns Gerais		-	-	-	14
Cooperative		408,268	-	320	-
	12	**408,268**	**-**	**320**	**14**
Non-current assets					
Granted loans					
Companhia Auxiliar de Armazéns Gerais		-	-	37,266	12,260
Copersucar Armazéns Gerais S.A.		-	-	-	10,298
Produpar Participações S.A.		-	1,099	-	1,099
Sugar Express Transportes S.A.		-	-	9,339	1,589
		-	**1,099**	**46,605**	**25,246**

Current liabilities

	Note	Consolidated 2013	Consolidated 2012	Parent company 2013	Parent company 2012
Suppliers					
Cooperative		937,102	108,397	937,102	105,545
Arrepar Participações S.A.		4	-	4	-
Imocop Empreendimentos e Participações S.A.		10,125	-	10,125	-
Copersucar Trading A.V.V.		-	-	49,938	49,183
Companhia Auxiliar de Armazéns Gerais		-	-	662	-
	19	**947,231**	**108,397**	**997,831**	**154,728**
Advances from clients					
Companhia Auxiliar de Armazéns Gerais		-	-	320	-
Copersucar Trading A.V.V.		-	-	83,088	399,957
		-	**-**	**83,408**	**399,957**
Dividends					
Dividends payable		**676**	**25,638**	**676**	**25,638**

Other related party transactions

	Consolidated 2013	Consolidated 2012	Parent company 2013	Parent company 2012
Value of the transaction for the period				
Sale of goods				
Cooperative	-	43,813	-	-
Eco-Energy Global Biofuels LLC	64,221	-	-	-
Copersucar Trading A.V.V.	-	-	429,857	183,090
	64,221	**43,813**	**429,857**	**183,090**
Sale of services				
Cooperative	58,006	47,182	-	-
Rent – Copersucar Armazéns Gerais S.A.	-	-	695	670
	58,006	**47,182**	**695**	**670**
Product acquisition				
Cooperative	(9,407,630)	(7,369,604)	(4,431,973)	(3,680,204)
Copersucar Trading A.V.V.	-	-	-	(116,444)
	(9,407,630)	**(7,369,604)**	**(4,431,973)**	**(3,796,648)**
Acquisition of Services				
Companhia Auxiliar de Armazéns Gerais S.A.	-	-	(5,308)	(2,397)
Copersucar Armazéns Gerais S.A.	-	-	(1,840)	(1,733)
	-	**-**	**(7,148)**	**(4,130)**
Financial – Interest				
Produpar Participações S.A.	-	83	65	83
Copersucar Armazéns Gerais S.A.	-	-	500	469
Companhia Auxiliar de Armazéns Gerais	-	-	2,717	98
Sugar Express Transportes S.A.	-	-	431	192
	-	**83**	**3,713**	**842**

Related-party transactions are transactions carried out between the Parent company and its direct and indirect subsidiaries or other related parties (Cooperative and Produpar Participações S.A.) 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 - (a) Advances made for the acquisition of products and services, (b) Loan contracts with subsidiaries or direct or indirect shareholders at interest rates similar to those of this fund raising and (c) Rent of properties.

Liability values - (a) Advances received for the supply of products and services and (b) Loan contracts with subsidiaries or direct or indirect shareholders at interest rate similar to those of this fund raising.

Supply contract with Cooperativa

The Company has an exclusivity agreement directly or indirectly ensuring benefits and financial and market advantages for the acquisition of sugar and ethanol from Cooperativa, over a period of two years and six months, renewed at each year/crop. Quantities to be delivered are defined on a monthly basis at a volume that contemplates scenario of six subsequent months, so that, beginning as of that time, Cooperativa becomes responsible for delivery or even for possible undelivered amounts, if contracted break limit is exceeded.

Guarantee of products supply is linked to continuity of contract with Cooperativa. The contract also guarantees access to certain facilities that are essential to carry out the Company’s business, such as those intended for storage of ethanol and sugar deriving from Cooperativa and associated plants. Prices practiced in this contract are related to CEPEA/ESALQ index plus premium of 2%.

Billings and payments related to acquired products occur through index based on CEPEA/ESALQ plus estimated premium of 2% for that month and, on year/crop closing, financial settlement of differences calculated between these billings ad effective CEPEA/ESALQ index plus premium of 2% is carried out. Adjustment amounts calculated for the year/crop were recorded in cost of sold goods.

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

Guarantees or collateral signatures received from related parties

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

Borrowing company	Type of financing	Bank	Maturities	Amount	
Copersucar S.A.	NCE (in US$)	Itaú	2015	120,170	
Copersucar S.A.	NCE (in US$)	Deutsche	2013	72,859	
Copersucar S.A.	NCE (in US$)	Rabobank	2014	71,885	
Copersucar S.A.	NCE (in US$)	Citibank	2014	151,178	
Copersucar S.A.	Resolution (4131 (in USD)	Merril Lynch	2013	120,864	
Copersucar S.A.	Resolution (4131 (in USD)	Brazil	2013	149,469	**(a)**
Copersucar Trading AVV	Export pre-payment	Standard Chartered	2016	103,737	
Copersucar Trading AVV	Export pre-payment	Brazil	2017	302,406	
Copersucar Trading AVV	Export pre-payment	Standard Chartered	2015	100,982	
Copersucar Trading AVV	Export pre-payment	Sumitomo	2013	100,706	
Copersucar Trading AVV	Working Capital	Rabobank	2014	201,690	
Copersucar North America LLC	Working Capital	Brazil	2020	183,374	
Copersucar S.A.	NCE	Brazil	2014	117,385	
Copersucar S.A.	NCE	HSBC	2014	102,553	
Cia. Auxiliary	FINAME	Bradesco	2016	2,036	**(b)**
Cia. Auxiliary	FINAME	Brazil	2016	2,037	**(b)**
				1,903,331	

(a) Collateralized loans and financing also guaranteed by related-party’s inventories.

(b) Collateralized loans and financing guaranteed by property, plant and equipment.

Guarantees or collateral signatures granted to related parties

The Company guarantees the following loans and financing to its related party Cooperativa de Produtores de Cana-de-Açúcar, Açúcar e Álcool do Estado de São Paulo:

Borrowing company	Type of financing	Bank	Maturity	Amount
Cooperative	ACC	Brazil	2014	53,132
Cooperative	NCE	Banco do Brasil	2013	582,157
Cooperative	NCE	Banco do Brasil	2014	101,125
				736,414

27 Shareholders' equity

The Company’s paid-in capital is R$80,300,590 on March 31, 2013 and R$80,300,230 on March 31, 2012 and is represented by 401,501,186 shares, being 401,501,150 common shares and 36 preferred shares, all of them nominative, registered and with no par value.

The Company is authorized to increase its capital according to decision of the Board of Directors, regardless of statutory reform, up to the limit of R$2,500,000,000.00.

Profit reserve

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 6404/76 up to the limit of 20% of the share capital.

Equity evaluation adjustments

The reserve for the adjustments to asset valuation includes adjustments for the adoption of deemed cost of fixed assets on the transition date.

The amounts recorded in adjustments to asset valuation are reclassified to the result for the period wholly or partially, through asset impairment to which they refer.

Proposal for allocation of income for the year 2013

Net income for the year attributed to controlling parties	**67,575**
- Statutory mandatory dividend (1%)	(676)
- Additional dividend proposed	(16,218)
- Special reserve for investment	(50,681)
Summary of allocations	
- Dividends	16,894
- Reserves	50,681
Total	**67,575**

In accordance with the bylaws, shareholders are entitled to minimum dividend of 1% of net income for the year, adjusted pursuant to Article 202 of Law 6,404/76.

28 Net earnings per share

In accordance with IAS 33/CPC 31 - "Earnings per share", reconciliation of net income for the period of Consolidated and Parent Company with amounts used to calculate basic and diluted net earnings per share, is as follows:

	Consolidated		**Parent company**	
	2013	**2012**	**2013**	**2012**
Income for the year attributable to the Company's shareholders (a)	86,292	102,552	67,575	102,552
Weighted average of outstanding shares (b)	401,501	401,501	401,501	401,501
Diluted income per common share (a) / (b)	0.21	0.26	0.17	0.26

29 Operating income

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Sales of goods				
Sugar	6,613,016	6,296,063	1,087,478	720,190
Ethanol	7,329,596	4,598,082	3,590,590	3,501,587
Gasoline	220,930	-	-	-
Corn	38,918	-	-	-
RIN_LCFS (registration of renewable fuel)	62,024	-	-	-
Realized derivative financial instrument	356,743	249,924	(637)	-
Rendering of services	120,575	82,767	35,378	17,955
	14,741,802	11,226,836	4,712,809	4,239,732

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

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Gross tax income	15,005,628	11,513,485	5,320,765	4,767,275
Less:				
Sales tax	(601,227)	(525,191)	(601,217)	(525,184)
Sales taxes	(16,881)	(10,853)	(3,641)	(1,830)
Returns/rebates	(2,461)	(529)	(2,461)	(529)
	14,385,059	10,976,912	4,713,446	4,239,732
Realized derivative financial instrument	356,743	249,924	(637)	-
	14,741,802	11,226,836	4,712,809	4,239,732

30 Other revenues

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Premium for shipment anticipation (*Despatch*)	4,090	3,977	-	-
Legal provisions	1,015	589	678	-
Rent	14,630	155	695	670
Write-off of receivables due to loss	3,869	-	-	-
Others	182	761	-	370
	23,786	5,482	1,373	1,040

31 Other expenses

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Expenses with ship stay in port (*Demurrage*)	(23,691)	(905)	-	-
Brokerage/rates	(13,251)	(6,217)	(690)	(1,124)
Donations	(5,264)	(662)	(5,261)	(657)
Labor legal claim	(1,305)	(248)	(774)	-
Equity interest loss	(2,884)	(108)	(2,884)	(108)
Others	(4,414)	(746)	(964)	(168)
	(50,809)	(8,886)	(10,573)	(2,057)

32 Net financial income (loss)

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Financial income				
Asset interest	22,944	16,272	23,684	14,603
Asset foreign exchange fluctuation	125,065	431,880	67,608	220,173
Transactions with derivative asset	246,338	334,428	172,320	142,105
Gain on investment foreign exchange variation	8	126,057	(1,509)	-
Other financial income	7	1,509	-	2,040
	394,362	910,146	262,103	378,921
Financial expenses				
Liability interest	(123,671)	(97,235)	(72,089)	(75,700)
Liability foreign exchange fluctuations	(153,606)	(536,645)	(150,355)	(296,878)
Transactions with derivative liabilities	(231,274)	(356,576)	(108,783)	(121,968)
Loss on investment foreign exchange variation	199	(95,779)	(60,339)	-
Other financial expenses	8,362	(20,002)	(1,113)	(15,139)
	(499,990)	(1,106,237)	(392,679)	(509,685)
	(105,628)	(196,091)	(130,576)	(130,764)

33 Expenses per type

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Cost of products, except freights, transshipment and storage	(14,205,811)	(10,334,558)	(4,707,672)	(4,080,385)
Change in inventories' fair values	(43,047)	(42,990)	(57,337)	(36,767)
Depreciation and amortization	(14,364)	(2,012)	(1,999)	(1,987)
Personnel expenses	(102,743)	(60,827)	(37,617)	(24,245)
Freights, transshipment, warehousing and shipping expenses	(148,295)	(139,465)	(12,456)	(45,198)
Other expenses	(54,580)	(199,841)	(19,923)	(69,780)
	(14,568,840)	(10,779,693)	(4,837,004)	(4,258,362)
Classified as:				
Cost of sales	(14,323,865)	(10,549,444)	(4,765,010)	(4,162,351)
Administrative	(59,394)	(58,352)	(32,520)	(50,813)
Sales	(185,581)	(171,897)	(39,474)	(45,198)
	(14,568,840)	(10,779,693)	(4,837,004)	(4,258,362)

34 Income and social contribution tax expense

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

	Consolidated		Parent company	
	2013	**2012**	**2013**	**2012**
Accounting profit before income and social contribution taxes	68,590	50,838	1,904	51,676
Equity income (loss)	(12,412)	3,087	(265,874)	991
Foreign exchange variation of company abroad	61,848	-	61,848	-
Income (loss) of company headquartered abroad	(220,674)	(199,492)	-	(203,078)
Accounting loss before income and social contribution taxes	(102,648)	(145,567)	(202,122)	(150,411)
Combined statutory rate	34%	34%	34%	34%
Income and social contribution taxes:				
Calculated at combined statutory rate	54,109	49,541	68,721	51,140
Permanent additions:				
Fines	(129)	(205)	(129)	(198)
Donations	(1,885)	(367)	(1,884)	(365)
Variation in interest	(979)	-	(979)	-
Others	(243)	(77)	(58)	(21)
Permanent exclusions:				
Others	31	40	1	35
Adjustment of corporate IRPJ and CSLL	(1,587)	3,313	-	-
IRPJ - PAT deductions and Sponsorship	32	285	-	285
Use of unrecorded tax loss	200	42	-	-
Unrecorded tax loss	(336)	(858)	-	-
Income tax and social contribution in income for the period	49,213	51,714	65,671	50,876
Income tax and social contribution on income abroad	(50,228)	-	-	-
Effective rate	29%	34%	32%	34%
Current taxes	(54,200)	7,087	-	8,975
Deferred taxes	53,185	44,627	65,671	41,901
Total	(1,015)	51,714	65,671	50,876

35 Employee benefits

The Company grants some benefits to its employees. Among these benefits, those listed below were evaluated through actuarial calculation.

Medical care

The Company grants the benefit of a medical care plan for which, since July 1, 2011, employees do not pay monthly contribution. In accordance with Law no. 9,656/98, in case of retirement, termination without cause or dismissal, medical care plan is maintained at conditions equal to those for active employees, provided that the employee is classified in one of the three conditions mentioned below and assumes full payment of his/her monthly fees.

Accordingly, the following plan maintenance periods are guaranteed:

Dismissed without cause

Guaranteed stay time will be 1/3 of time of contribution to Health Plan, being assured a minimum period of 6 months and a maximum period of 24 months.

Retirees

For employees with employment relationship time equal to or higher than 10 years and age equal to or higher than 45 years on July 1, 2011: the right to remain as beneficiaries of the Plan under the same coverage conditions enjoyed during work contract, without counting a new grace period and over the time they wish, is assured.

For employees with employment relationship time of less than 10 years: the right to remain as beneficiaries of the Plan under the same coverage conditions enjoyed during work contract, without counting a new grace period, is assured at the rate of one year for each contribution year.

Considering that plan costs are determined considering active and retired employees, the Company conducted an actuarial evaluation to verify existence of liabilities. Calculations were made by an outsourced specialized company and material impacts were not found.

Assumptions used in calculation

Financial and economic assumptions

	2013	**2012**
Benefits capacity factor	100%	100%
Expected long-term inflation rate	5.70%	4.50%
Actuarial discount nominal rate	9.78%	10.77%
Expected nominal return rate of long-term assets	0.00%	0.00%
Medical costs growth nominal rate – Medical inflation	7.81% (1)	7.63% (1)
Medical costs growth rate per age - *Aging factor*	2.00% (1)	3.00% (1)

Biometrical assumptions		
General mortality table	AT-2000 (2)	AT-83 (2)
Turnover table - (end of employment relationship)	See note (3)	See note (3)
Entry into retirement	100% eligibility	100% eligibility

(1) Estimated increase in contributions subsidized by current active members of the Plan

(2) General mortality table per sex

(3) Turnover table inversely proportional to length of work provided to the Company: 15 / TS + 1

No effects on variation of Health Plan costs' growth rate during the period.

Summary of members' reference file:

	2013	**2012**
Assets		
Inversion	204	192
Average age	37	45
Plan time	1.8	0.9
Future period of service	12.0	12.0
Assisted and enjoying the benefit		
Inversion	-	1
Average age	-	57
Expected survival period	-	25.4

Statistics on frequency, age, length of work, future length of work, and expected survival period refer to the Company's employees. Statistics on costs consider hypothetical family group formed by the member and spouse; female spouse is considered as 2 years younger.

Life insurance

For employees included in this benefit until 2005, the Company used to guarantee the payment of a lifetime insurance premium upon retirement, thus generating a post-employment benefit. For employees included after this period, benefit is funded by the Company over the period in which employees remain active, and are considered as expenses, not incurring actuarial risks.

The Company also submitted this benefit to actuarial evaluation and did not perform any adjustment, as values were not considered relevant.

Assumptions used for calculation

Financial and economic assumptions

	2013	**2012**
Benefits capacity factor	100%	100%
Expected long-term inflation rate	5.70%	4.50%
Actuarial discount nominal rate	10.20%	10.77%
Expected nominal return rate of long-term assets	0.00%	0.00%
Nominal growth rate of plan costs	7.81%	6.59%
Biometrical assumptions		
General mortality table	AT-2000 (1)	AT-83 (1)

(1) Estimated increase in subsidized contributions of current Plan's active members.

Summary of members' reference file:

	2013	**2012**
Assisted and enjoying the benefit		
Inversion	4	2
Average age	56	66
Expected survival period	18.0	19.2
Average monthly benefit	608.04	139.77

(1) Refers to the benefit of life insurance premium payment, according to contract entered into with the insurance company, currently at the rate of 0.00863 on monthly remuneration of assisted member.

Other 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:

	2013	**2012**
Key personnel	26,576	24,720
Other executives	6,644	6,180
	33,220	30,900
Current liabilities	16,610	-
Non-current liabilities	16,610	-

36 Operational leases

Leases as lessee

Operational leases that cannot be canceled are paid as follows:

	Consolidated		**Parent company**	
	2013	**2012**	**2013**	**2012**
Up to 1 year	31,249	9,141	5,229	4,205
> 1 – Up to 5 years	98,113	38,840	16,780	18,697
More than five years	121,189	125,050	-	-
Total	250,551	173,031	22,009	22,902

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

	2013	**2012**
Expense with operating lease	16,693	8,239

The Company is the lessee of an area located in Santos Port of approximately 50,392 square meters, where its facilities are built. Contract is effective for 20 years, beginning as of March 7, 1996; on June 27, 2011, it was renewed for another 20 years beginning as of March 7, 2016.

The main provisos of the lease are:

- Deviation from contract object by the lessee;
- Wind up of lessee;
- Sublease;
- Lease transfer without previous authorization by Codesp;
- Lessee fails to pay more than 3 monthly payments;
- Interruption of the execution of the Lease without justified cause;
- Port operations carried out with violation of the applicable rules of law and regulations;
- Non-compliance with court decisions.

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

The Company is also the lessee of an area located in the municipality and courts of Guarujá, São Paulo State, of approximately 47,333 m², used to store products. The contract effective period is 5 years, starting on March 1, 2011; it may be renewed for an equal period.

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

Leases as lessor

Parent company rents its property for investment under operating lease (see note 15) to a related party, Copersucar Armazéns Gerais.

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

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

	Consolidated		**Parent company**	
	2013	**2012**	**2013**	**2012**
Up to 1 year	25,439	-	751	670
> 1 – Up to 5 years	11,206	-	1,545	-
Total	36,645	-	2,296	670

During the year ended March 31, 2013, the amount of R$14,940 was recognized as rent revenue in the Company’s statement of income.

	2013	**2012**
Revenue from operating lease	14,940	670

37 Insurance coverage

The Company adopts the policy of contracting insurance coverage for assets subject to risks for amounts considered sufficient to cover eventual claims, considering the nature of its activity. The adopted risk assumptions, in view of their nature, are not part of the scope of an audit of financial statements, and, therefore, were not analyzed by our independent auditors.

On March 31, 2013, the Company’s insurance coverage against operating risks was comprised of R$182,375 for equity insurance and R$193,986 for parent company’s and subsidiaries’ civil liabilities, and R$100,690 for credit risk.

38 Statements of added value – VAS

In accordance with BRGAAP requirement applicable to listed companies and as additional information for IFRS purposes, the Company prepared consolidated and individual statements of added value.

These statements, supported by macro-economic concepts, are 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.

39 Subsequent events

The issue of financial statements was authorized by the Executive Board on May 21, 2013.

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