

Cosan Ltd.
Form 20-F
April 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from April 1, 2013 to December 31, 2013

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 1-33659

COSAN LIMITED
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Bermuda
(Jurisdiction of incorporation or organization)

Av. Juscelino Kubitschek, 1327 – 4th floor
São Paulo, SP 04543-000, Brazil
(55)(11) 3897-9797
(Address of principal executive offices)

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Av. Juscelino Kubitschek, 1327 – 4th floor
São Paulo, SP 04543-000, Brazil

(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

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Title of each class	Name of each exchange on which registered
Class A Common Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding shares as of December 31, 2013 was:

Title of Class	Number of Shares Outstanding
Class A Common Shares, par value \$.01 per share	174,355,341
Class B – series 1 – Common Shares, par value \$.01 per share	96,332,044

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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Presentation of Financial and Other Information

We have changed our fiscal year to end on December 31. We have included in this transition report our audited consolidated financial statements at and for the nine-month period ended December 31, 2013 and for the years ended March 31, 2013 and 2012. For comparison purposes, we have also included in this transition report our unaudited condensed consolidated income statement for the nine-month period ended December 31, 2012.

We present our consolidated financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, for both the Securities and Exchange Commission, or SEC, and the Brazilian Securities Commission (Comissão de Valores Mobiliários), or CVM, filings.

The consolidated financial statements are presented in Brazilian reais. However, the functional currency of Cosan Limited, is the U.S. dollar. The Brazilian real is the currency of the primary economic environment in which Cosan S.A. Indústria e Comércio, “Cosan” or “Cosan S.A.,” and its subsidiaries and jointly controlled entities, located in Brazil, operate and generate and expend cash. The functional currency for the subsidiaries located outside Brazil is the U.S. dollar or the British pound. Cosan Limited, Cosan S.A. and its subsidiaries are collectively referred to as the “Company.”

The CVM mandated that IFRS as issued by the IASB should be used as the basis for consolidated financial statements of Brazilian public companies from fiscal years ending on December 31, 2010 and onward. We have presented our consolidated financial statements for the nine-month period ended December 31, 2013 and for the years ended March 31, 2013 and 2012, in accordance with IFRS as issued by the IASB.

On October 24, 2012, we sold our subsidiary Docelar Alimentos e Bebidas S.A., our Cosan Alimentos segment in the retail sugar business, and we have reported the results from operations from this segment as “discontinued operations” in our financial statements for the fiscal years ended March 31, 2013 and 2012. We have retrospectively presented such segment as discontinued operations for our annual consolidated financial statements as of and for the fiscal year ended March 31, 2013. This discontinued operation segment represented 17.5% of our consolidated profit from continuing operations and 3.0% of our consolidated profit from continuing operations for the fiscal years ended March 31, 2013 and 2012, respectively.

On June 1, 2011, we and Shell Brazil Holdings B.V., or Shell, formed two joint ventures, or the Joint Venture, for a combined 50/50 investment, under the names Raízen Combustíveis S.A., or Raízen Combustíveis and Raízen Energia e Participações S.A. (currently Raízen Energia S.A.), or Raízen Energia, collectively referred to as Raízen. A third entity was established to assist with the management of the Joint Venture. On June 1, 2011, Cosan contributed its sugar and ethanol and its fuel distribution assets to the Joint Venture while Shell contributed its distribution assets in Brazil, its interests in second generation ethanol research and development entities (Iogen Corp. and Codexis, Inc.), its aviation fuel business in Brazil) and the license to use the Shell brand. Shell was also required to make a fixed cash contribution to the Joint Venture in the amount of approximately R\$1.8 billion over a two-year period, of which the full amount had been contributed to the Joint Venture as of December 31, 2012. The sugar refining business, including the União retail brand, and lubricants distribution business along with the investment in Radar Propriedades Agrícolas S.A., or Radar, were not contributed to the Joint Venture. The accounting effects arising from the formation of Raízen Combustíveis and Raízen Energia, during the year ended March 31, 2012, included the recording of the underlying net assets of the Joint Venture’s net assets at their estimated fair value, and recording a gain on the deconsolidation of the previous subsidiaries. Accordingly, our consolidated financial position, results of operations and cash flows for periods subsequent to the Joint Venture’s formation are not necessarily comparable to pre-formation amounts. We do not present any pro forma condensed consolidated financial information in connection with the Joint Venture; we have not included in this transition report, financial information regarding Shell or the fuel distribution assets of Shell that it contributed to the Joint Venture.

Our management evaluates the results of Raízen Energia and Raízen Combustíveis on the same basis as they are evaluated by the management of Raízen, which is on a 100% basis. Accordingly, unless the context requires otherwise, operational information pertaining to Raízen Energia and Raízen Combustíveis included in this transition report refers to 100% of the operations of these businesses. Upon the application of IFRS 11, the Company retrospectively changed the accounting for its investments in Raízen Combustíveis and Raízen Energia, classifying them as investments in joint ventures. As such, for the year ended December 31, 2013, the Company accounted for these joint ventures under the equity method as opposed to the proportional consolidation method previously applied

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until March 31, 2013, and the accounting for the joint ventures for the fiscal years ended March 31, 2013 and 2012 have been restated for the impacts of retrospectively adopting IFRS 11. The joint ventures Raízen Combustíveis and Raízen Energia, were created on June 1, 2011, therefore the consolidated statement of profit or loss for the years ended March 31, 2011 and 2010 were not impacted by the adoption of IFRS 11. As disclosed in “Item 5. Operating and Financial Review and Prospects,” following the adoption of IFRS 11 – Joint Arrangements, starting in April 2013 Cosan no longer proportionally consolidates Raízen Energia and Raízen Combustíveis in its consolidated statement of financial position, statement of profit or loss and comprehensive income and statement of cash flows, and the results of these investments have been presented using the equity method of accounting in accordance with IAS 28R - “Investments in Associates and Joint Ventures”. For further details, see note 4 to our financial statements.

During 2013, Cosan identified an immaterial error related to the recognition of a tax receivable for the payment of the IPI tax (excise tax) on the purchase of raw materials since 2011. Cosan recorded such payments as a tax receivable assuming that it would be able to offset them with other taxes in the future. Upon further analyses of the tax legislation Cosan concluded that such offset is not allowed. Therefore, the tax receivable has not been recognized upon payment of the corresponding tax. Cosan determined that the reversal of the tax credit recognized is not material to its consolidated statement of financial position, statement of profit or loss and other comprehensive income or cash flows for fiscal years ended before December 31, 2013. However, if the entire correction of the error had been recorded at December 31, 2013, the impact would have been material to the consolidated statement of profit or loss for the nine months then ended. As a result, Cosan has determined that it was appropriate to revise its financial statements for the previous fiscal years. The revisions to correct the error in the applicable prior fiscal years are reflected in the financial information herein and will be reflected in future filings containing such information. For further details, including the impact of such corrections, see note 4 to our financial statements.

The historical consolidated financial information for the fiscal years ended March 31, 2013 and 2012 included in this transition report reflect the restated amounts due to the changes in accounting policies derived from the application of IFRS 11 and the immaterial correction of an error discussed above.

Forward - Looking Statements

This annual report contains estimates and forward-looking statements, principally under “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company—B. Business Overview” and “Item 5. Operating and Financial Review and Prospects.” Some of the matters discussed concerning our business and financial performance include estimates and forward-looking statements.

Our estimates and forward-looking statements are mainly based on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- general economic, political, demographic and business conditions in Brazil and in the world and the cyclicity affecting our selling prices;
- the effects of global financial and economic crises in Brazil;
- our ability to implement our expansion strategy in other regions of Brazil and international markets through organic growth, acquisitions or Joint Ventures;
- competitive developments in the segments in which we operate;

- our ability to implement our capital expenditure plan, including our ability to arrange financing when required and on reasonable terms;

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- price of natural gas, ethanol and other fuels, as well as sugar;
- equipment failure and service interruptions;
- our ability to compete and conduct our businesses in the future;
 - adverse weather conditions;
 - changes in customer demand;
 - changes in our businesses;
- our ability to successfully work together with our partners to operate our partnerships (such as the Joint Venture and to integrate Comgás' business into ours);
 - technological advances in the ethanol sector and advances in the development of alternatives to ethanol;
- government interventions and trade barriers, resulting in changes in the economy, taxes, rates, prices or regulatory environment including in relation to our regulated businesses such as Comgás;
 - inflation, depreciation, valuation and devaluation of the Brazilian real;
 - other factors that may affect our financial condition, liquidity and results of our operations; and
 - other risk factors discussed under "Item 3. Key Information—D. Risk Factors."

The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar words are intended to estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this transition report might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to but not limited to, the factors mentioned above. Because of these uncertainties, you should not make any investment decision based on these estimates and forward-looking statements.

Fiscal Year

We have changed our fiscal year to end on December 31. Previously, our fiscal year ended on March 31. References in this transition report to "transition period 2013" and "transition period 2012" relate to the nine-month period ended on December 31, 2013 and the unaudited nine-month period ended on December 31, 2012, respectively, presented for comparison purposes. References in this transition report to "fiscal year 2013" or prior fiscal years relate to the fiscal year ended on March 31 of that calendar year. However, for purposes of calculating income and social contribution taxes in accordance with Brazilian laws, the applicable year ends on December 31.

Market Data

We obtained market and competitive position data, including market forecasts, used throughout this transition report from market research, publicly available information and industry publications, as well as internal surveys. We include data from reports prepared by LMC International Ltd., the Central Bank of Brazil (Banco Central do Brasil), or the “Central Bank,” Sugarcane Agroindustry Association of the State of São Paulo (União da Agroindústria Canavieira de São Paulo), or “UNICA,” Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística), or “IBGE,” the National Traffic Agency (Departamento Nacional de Trânsito), or DENATRAN, the Brazilian Association of Vehicle Manufactures (Associação Nacional dos Fabricantes de Veículos Automotores), or “ANFAVEA,” Datagro Publicações Ltda., F.O. Licht, Czarnikow, Apoio e Vendas Procana Comunicações Ltda., the São Paulo Stock, Commodities and Futures Exchange (BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros), or “BM&FBOVESPA,” the International Sugar Organization, the Brazilian National Economic and Social Development Bank (Banco Nacional de Desenvolvimento Econômico e Social), or “BNDES,” the New York Board of Trade, or NYBOT, the New York Stock Exchange, the London Stock Exchange, the National Agency of Petroleum, Natural Gas and Biofuels (ANP - Agência Nacional do Petróleo, Gás Natural e Biocombustíveis), or “ANP,” the National Union of Distributors of Fuels and Lubricants (Sindicato Nacional das Empresas Distribuidoras de Combustíveis e Lubrificantes), or “Sindicom,” the Sanitation and Energy Regulatory Agency for the State of São Paulo (Agência Reguladora de Energia de São Paulo) or “ARSESP,” the Brazilian Gas Distributors Association (Associação Brasileira das

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Empresas Distribuidoras de Gás) or “ABEGÁS,” the Agriculture School of the University of São Paulo (Escola Superior de Agricultura Luiz de Queiroz) or “ESALQ”, and the National Electric Energy Agency (Agência Nacional de Energia Elétrica) or “ANEEL”. We believe that all market data in this transition report is reliable, accurate and complete.

Terms Used in This Transition Report

In this transition report, we present information in gallons, liters and cubic meters (m³). In addition, we also present information in tonnes. In this transition report, references to “ton” or “tonne” refer to the metric tonne, which is equal to 1,000 kilograms.

All references in this transition report to “TSR” are to total sugar recovered, which represents the total amount of sugar content in a given quantity of sugarcane.

All references in this transition report to “U.S. dollars,” “dollars” or “US\$” are to U.S. dollars. All references to the “real,” “reais” or “R\$” are to the Brazilian real, the official currency of Brazil.

Rounding

We have rounding adjustments to reach some of the figures included in this transition report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following table presents selected historical financial and operating data for the Company, derived from our audited consolidated financial statements. You should read the following information in conjunction with our audited consolidated financial statements and related notes, and the information under “Item 5. Operating and Financial Review and Prospects” in this transition report.

The financial data at and for the nine-month period ended December 31, 2013 and at and for the fiscal years ended March 31, 2013 and 2012, has been derived from our audited consolidated financial statements prepared in accordance with IFRS as issued by the IASB, unless otherwise stated. The financial data at and for the unaudited nine-month period ended December 31, 2012 is presented solely for the purpose of providing meaningful comparisons with the nine-month period ended December 31, 2013.

In the fiscal year ended March 31, 2012 our sugar and ethanol assets were contributed to the formation of the joint ventures, Raízen Energia and Raízen Combustíveis, and the revenues from such operations ceased to be consolidated into the results of operations, as these joint ventures are accounted for under the equity method, in accordance with IFRS 11.

	As of and for Nine-Month Period Ended December 31,			As of and for Fiscal Year Ended March 31,		
	2013	2012	2013	2012	2011	2010
	(unaudited)					
	(in millions of reais, except where otherwise indicated)					
Income Statement Data:						
Net sales	6,878.2	2,597.0	4,586.2	4,563.6	18,063.5	15,336.1
Cost of goods sold	(4,878.2)	(1,825.9)	(3,211.3)	(3,696.2)	(15,150.1)	(13,271.3)
Gross profit	2,000.0	771.1	1,374.9	867.4	2,913.4	2,064.8
Selling expenses	(604.0)	(261.0)	(459.4)	(318.4)	(1,026.1)	(862.7)
General and administrative expenses	(467.0)	(280.5)	(419.5)	(274.5)	(545.4)	(501.7)
Gain on tax recovery program	—	—	—	—	—	270.3
Gain on the de-recognition of subsidiaries to form the JVs	—	—	—	2,752.7	—	—
Other, net	76.3	101.9	173.7	(21.7)	(33.8)	37.5
Operations income / (expenses)	(994.6)	(439.5)	(705.2)	2,138.1	(1,605.3)	(1,056.5)
Income before financial results, equity income of associates and income	1,005.4	331.6	669.7	3,005.5	1,308.1	1,008.3

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taxes

Equity income of investees	247.5	461.2	674.3	388.6	25.2	4.2
Financial results, net	(713.7)	(243.3)	(423.1)	(259.1)	(151.1)	493.4
Income before income taxes	539.2	549.5	920.9	3,135.0	1,182.2	1,505.9

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Income taxes:

Current	(130.0)	(72.3)	(100.1)	(58.7)	(85.4)	(78.4)
Deferred	90.8	85.2	(26.3)	(960.4)	(329.1)	(344.9)
	(39.2)	12.9	(126.4)	(1,019.1)	(414.5)	(423.3)
Profit from continuing operations	500.0	562.4	794.5	2,115.8	767.8	1,082.6
Profit from discontinued operation, net of tax	—	142.2	138.9	64.2	—	—
Net income for the year	500.0	704.6	933.5	2,180.1	767.8	1,082.6
Net income for the year attributable to non-controlling interests	(377.4)	(368.9)	(509.4)	(1,003.7)	(296.7)	(376.4)
Net income for the year attributable to owners of the Company	122.6	335.7	424.1	1,176.4	470.9	706.1

Statement of Financial Position Data:

Cash and cash equivalents	1,509.5	1,470.0	1,544.1	1,036.2	1,271.8	1,110.8
Securities	88.0	—	105.9	—	—	—
Inventories	312.0	288.3	275.7	151.0	670.3	612.7
Biological assets	—	—	—	—	1,561.1	963.2
Property, plant and equipment	1,271.9	1,142.6	1,178.3	1,656.1	7,980.5	6,114.5
Intangible assets	10,078.0	10,406.9	9,614.9	1,469.4	3,889.6	3,825.4
Total assets	28,615.7	25,035.9	27,521.0	15,864.1	18,614.0	16,417.2
Current liabilities	2,650.7	2,578.4	2,987.1	602.9	2,380.8	2,086.2
Non-current liabilities						
Loans and borrowings	9,093.0	7,267.0	8,508.0	2,077.4	6,274.9	5,136.5
Provision for judicial demands	722.5	829.0	825.7	764.3	666.3	612.0
Equity attributable to owners of the Company	5,886.3	5,850.9	5,997.3	5,564.3	4,560.9	4,195.5
Equity attributable to non-controlling interests	7,433.5	7,331.0	7,208.7	3,862.3	2,767.8	2,296.4
Total equity	13,319.8	13,181.9	13,206.0	9,426.6	7,328.7	6,491.9

Other Financial Data:

Depreciation and amortization	439.1	175.4	334.8	260.9	1,359.0	1,127.9
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Net debt (1)	7,310.4	6,768.0	6,722.3	1,046.5	5,285.7	4,261.7
Working capital (2)	913.3	542.1	456.3	1,297.0	1,099.8	1,312.5
Cash flow provided by (used in):						
Operating activities	1,148.5	103.1	283.1	652.0	2,327.2	2,175.8
Investing activities	(523.1)	(2,866.8)	(2,710.6)	(1,180.2)	(3,145.7)	(2,435.3)
Financing activities	(673.4)	3,198.2	2,931.3	276.8	980.7	317.9
Earnings per share from continued (basic)	R\$0.46	R\$1.26	R\$1.27	R\$4.23	R\$1.74	R\$2.61
Earnings per share from continued (diluted)	R\$0.33	R\$1.26	R\$1.06	R\$4.23	R\$1.74	R\$2.61
Earnings per share from discontinued (basic)	-	R\$0.02	R\$0.33	R\$0.15	-	-
Earnings per share from discontinued(diluted)	-	R\$0.02	R\$0.33	R\$0.15	-	-
Number of shares outstanding	270,687,385	270,687,385	270,687,385	270,687,385	270,687,385	270,687,385

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Declared dividends (millions of reais)	328.3	153.7	468.9	141.0	220.1	44.0
Declared dividends (millions of U.S. dollars)	US\$140.1	US\$75.2	US\$232.8	US\$77.4	US\$135.1	US\$24.7
Declared dividends per share (reais)	R\$ 1.24024	R\$ 0.57247	R\$ 1.77156	R\$ 0.53130	R\$ 0.82947	R\$ 0.16573
Declared dividends per share (U.S. dollars)	US\$0.52943	US\$0.28014	US\$0.87971	US\$0.29160	US\$0.50919	US\$0.09305
Other Operating Data:						
Crushed sugarcane (in million tonnes)	61.4	56.2	56.2	52.9	54.2	50.0
Sugar production (in million tonnes)	4.5	4.2	4.2	3.9	3.9	3.5
Ethanol production (in billion liters)	2.0	1.9	1.9	1.9	2.2	1.8
Volume of fuel sold (in million liters)	17,903.0	16,656.3	21,967.4	18,526.3	6,076.9	5,490.6
Sugar elevated (Rumo) (in million tonnes)	7.0	6.4	8.6	7.8	7.5	8.1
Natural Gas (Comgás) (in million m ³)	4,089.9	926.3	2,293.3	—	—	—
Volume of lubricants and base oil sold (in million liters)	243.1	214.0	286.6	216.7	166.4	130.8

(1) Net debt consists of current and non-current debt, net of cash and cash equivalents, marketable securities and derivatives on debt and CTNs - Brazilian Treasury bills (only for 2011 and 2010) recorded in our consolidated financial statements as other non-current assets. Net debt is a non-GAAP measure.

(2) Working capital consists of total current assets less total current liabilities.

The table below provides a reconciliation of Net debt, a non-GAAP measure:

	As of and for Nine-Month Period Ended December 31,		As of and for Fiscal Year Ended March 31,			
	2013	2012	2013	2012	2011	2010
	(unaudited)					
	(in millions of reais, except where otherwise indicated)					
Current loans and borrowings	1,050.9	1,139.7	1,608.4	83.5	957.1	839.5
Non-current debt	8,042.1	7,267.0	6,899.6	1,993.9	6,274.9	5,136.6
Total	9,093.0	8,406.7	8,508.0	2,077.4	7,232	5,976.1
Cash and cash equivalents	1,509.5	1,470.0	1,544.1	1,036.2	1,271.8	1,110.8
Securities	88.0	—	105.9	—	—	—
	1,597.5	1,470.0	1,650.0	1,036.2	1,271.8	1,110.8
Special Program for Agricultural Securitization - PESA (debt)	—	—	—	—	(674.5)	(603.6)

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Derivatives on debt	(185.0)	(168.7)	(135.8)	5.3	—	—
Net debt	7,310.4	6,768.0	6,722.3	1,046.5	5,285.7	4,261.7

Exchange Rates

The Brazilian Central Bank allows the real/U.S. dollar exchange rate to float freely and has intervened occasionally to control the exchange rate volatility. However, the exchange market may continue to be

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volatile, and the real may depreciate or appreciate substantially in relation to the U.S. dollar. The Brazilian Central Bank or the Brazilian government may intervene in the exchange rate market.

Since March 17, 2008, Brazilian exporters have been allowed to keep 100% of income from exports outside of Brazil. In addition, the foreign exchange mechanism was simplified to provide for the simultaneous purchase and sale of foreign currency through the same financial institution and using the same exchange rate.

On October 5, 2010, the Brazilian government announced measures to respond to the real appreciation by increasing the IOF (Imposto sobre Operações Financeiras) tax rate to 4% on foreign exchange transactions related to foreign investments in the financial and capital markets, except for variable income investments traded on the stock exchange, which remained at 2%.

On October 18, 2010, new increases in the IOF tax rate were announced by the Brazilian government which adopted a 6% rate for foreign exchange transactions and for the investments of foreign investors in accordance with the margin requirements for future transactions on the BM&FBOVESPA. The IOF tax rate remains at zero on exchange transactions for outflow for these funds as well as for proceeds received as a result of initial public offerings. The conversion of Brazilian currency into foreign currency for purposes of paying dividends for American Depositary Share programs is not subject to tax.

On January 6, 2011, the Central Bank of Brazil published Circular 3,520, which imposes a 60% minimum reserve deposit for any financial operations exceeding US\$3 billion.

The following tables set forth the exchange rate, expressed in reais per U.S. dollar (R\$/US\$) for the periods indicated, as reported by the Central Bank.

Year	Period-end	Average(1)	Low	High
March 31, 2010	1.781	1.785	1.764	1.823
March 31, 2011	1.629	1.666	1.628	1.690
March 31, 2012	1.822	1.699	1.534	1.901
December 31, 2012	2.044	2.006	1.822	2.112
March 31, 2013	2.014	2.004	1.822	2.112
December 31, 2013	2.343	2.160	1.953	2.446

Month	Period-end	Average(2)	Low	High
November 2013	2.325	2.295	2.243	2.336
December 2013	2.343	2.345	2.310	2.382
January 2014	2.426	2.382	2.333	2.440
February 2014	2.333	2.383	2.333	2.423
March 2014	2.263	2.325	2.260	2.364
April (through April 28, 2014)	2.237	2.233	2.197	2.281

Source: Central Bank.

- (1) Represents the average of the exchange rates on the closing of each day during the year.
- (2) Represents the average of the exchange rates on the closing of each day during the month.

Exchange rate fluctuation will affect the U.S. dollar equivalent of the market price of our Brazilian Depositary Receipts, or “BDRs,” on BM&FBOVESPA, as well as the U.S. dollar value of any distributions we receive from our subsidiary Cosan S.A., which will be made in reais. See “Item 3. Key Information—D. Risk Factors—Risks Related to Brazil.”

B. Capitalization and Indebtedness

Not applicable.

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C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

This section is intended to be a summary of more detailed discussion contained elsewhere in this transition report. Our business, financial condition or results of operations could be materially adversely affected by any of the risks and uncertainties described below. Additional risks not presently known to us, or that we currently deem immaterial, may also impair our financial condition and business operations.

Risks Related to Our Business, the Operations of Our Joint Venture, and Industries in Which We Operate

We operate in industries in which the demand and the market price for our products are cyclical and are affected by general economic conditions in Brazil and globally.

The ethanol and sugar industries, both globally and in Brazil, have historically been cyclical and sensitive to domestic and international changes in supply and demand.

Ethanol is marketed as a fuel additive to reduce vehicle emissions from gasoline, as an enhancer to improve the octane rating of gasoline with which it is blended or as a substitute fuel for gasoline. As a result, ethanol prices are influenced by the supply of and demand for gasoline, and our business and financial performance may be materially adversely affected by fluctuations in the demand for and/or price of gasoline. The increase in the production and sale of flex fuel vehicles (hybrid vehicles, that run with ethanol or gasoline or both combined in any proportion) has resulted, in part, from lower taxation, since 2002, of such vehicles compared to gasoline only cars. This favorable tax treatment may be eliminated and the production of flex fuel vehicles may decrease, which could adversely affect demand for ethanol.

Historically, the international sugar market has experienced periods of limited supply—causing sugar prices and industry profit margins to increase—followed by an expansion in the industry that results in oversupply—causing declines in sugar prices and industry profit margins. In addition, fluctuations in prices for ethanol or sugar may occur, for various other reasons, including factors beyond our control, such as:

- fluctuations in gasoline prices;
- variances in the production capacities of our competitors; and
- the availability of substitute goods for the ethanol and sugar products we produce.

The prices we are able to obtain for sugar depends, in large part, on prevailing market prices. These market conditions, both in Brazil and internationally, are beyond our control. The wholesale price of sugar has a significant impact on our profits. Like other agricultural commodities, sugar is subject to price fluctuations resulting from weather, natural disasters, harvest levels, agricultural investments, government policies and programs for the agricultural sector, domestic and foreign trade policies, shifts in supply and demand, increasing purchasing power, global production of similar or competing products, and other factors beyond our control. In addition, a significant portion of the total worldwide sugar production is traded on exchanges and thus is subject to speculation, which could affect the price of sugar and our results of operations. The price of sugar, in particular, is also affected by producers' compliance with sugar export requirements and the resulting effects on domestic supply. As a consequence, sugar prices have been subject to higher historical volatility when compared to many other commodities. Competition from alternative sweeteners, including saccharine and high fructose corn syrup, known as "HFCS," changes in Brazilian or international

agricultural or trade policies or developments relating to international trade, including those under the World Trade Organization, are factors that can directly or indirectly result in lower domestic or global sugar prices. Any prolonged or significant decrease in sugar prices could have a material adverse effect on our business and financial performance. Sugar prices reached the highest levels in nearly 30 years during fiscal 2010, reflecting the deficit in global sugar production.

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If we are unable to maintain sales at generally prevailing market prices for ethanol and sugar in Brazil and internationally, or if we are unable to export sufficient quantities of ethanol and sugar to assure an appropriate domestic market balance, our ethanol and sugar business as well as our cash flow may be adversely affected.

Ethanol prices are directly correlated to the price of sugar, so that a decline in the price of sugar will adversely affect both our ethanol and sugar businesses.

The price of ethanol generally is closely associated with the price of sugar and is increasingly becoming correlated to the price of oil. A vast majority of ethanol in Brazil is produced at sugarcane mills that produce both ethanol and sugar. Because sugarcane millers are able to alter their product mix in response to the relative prices of ethanol and sugar, this results in the prices of both products being directly correlated, and the correlation between ethanol and sugar may increase over time. In addition, sugar prices in Brazil are determined by prices in the world market, so that there is a correlation between Brazilian ethanol prices and world sugar prices.

Because flex fuel vehicles allow consumers to choose between gasoline and ethanol at the pump rather than at the showroom, ethanol prices are now becoming increasingly correlated to gasoline prices and, consequently, oil prices. We believe that the correlation among the three products will increase over time. Accordingly, a decline in sugar prices will have an adverse effect on the financial performance of our ethanol and sugar businesses, and a decline in oil prices may have an adverse effect on that of our ethanol business, including on its cash flows.

Raízen Energia may not successfully acquire or develop additional production capacity through greenfield projects or expansion of existing facilities.

Raízen Energia may explore growth opportunities in the future. We do not have environmental or other permits, designs or engineering, procurement and construction contracts with respect to potential projects. As a result, we may not complete these projects on a timely basis or at all, and may not realize the related benefits we anticipate. In addition, we may be unable to obtain the required financing for these projects on satisfactory terms, or at all.

The integration of greenfield projects or expansion of our existing facilities may result in unforeseen operating difficulties and may require significant financial and managerial resources that would otherwise be used for the development and ongoing expansion of our existing operations. Planned or future greenfield projects or expansion of existing facilities may not enhance our financial performance.

Raízen Energia may not successfully implement our plans to sell energy from our cogeneration projects, and the Brazilian government's regulation of the energy sector may affect our business and financial performance.

Our current total installed energy cogeneration capacity is approximately 934 MW, which is used to generate energy for our own industrial operations and to sell surplus energy to third parties. The Brazilian government regulates the energy sector extensively. We may not be able to satisfy all the requirements necessary to acquire new contracts or to otherwise comply with Brazilian energy regulation. Changes to the current energy regulation or federal authorization programs, and the creation for more stringent criteria for qualification in future public energy auctions, may adversely affect the implementation of this element of our business strategy.

Raízen Energia and Raízen Combustíveis are subject to the application of regulatory penalties in case of non-compliance with the terms and conditions of their authorizations.

Raízen Energia performs generation activities in accordance with the regulation applicable to the energy sector and with the terms and conditions of its authorizations granted by the Federal Government, by means of ANEEL. The term of such authorizations varies from 30 to 35 years.

ANEEL may apply regulatory penalties to Raízen Energia in case of non-compliance with the authorizations or with the energy sector regulation. Such penalties may include warnings, fines (in some

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cases up to 2% of our revenues for the last 12 months), restrictions to Raízen Energia's operations and revocation of its authorizations, in accordance with the gravity of the infraction.

In addition, Raízen Combustíveis performs fuel distribution activities in accordance with the regulation applicable to the oil & gas sector and with the terms and conditions of its authorization granted by the Federal Government, by means of the ANP. The ANP may apply regulatory penalties to Raízen Combustíveis in case of non-compliance with the authorizations or with the oil & gas sector regulation. Such penalties may include fines, seizure and/or destruction of product, cancellation of product registry, partial or total interdiction of commercial establishments, revocation of regulatory authorization, among others. The fines may vary from R\$5,000 to R\$5,000,000 in accordance with type and gravity of the infraction.

Raízen Energia and Raízen Combustíveis cannot assure that they will not be penalized by ANEEL or ANP, respectively, nor can they assure you that they will comply with all terms and conditions of their authorizations and with the regulation applicable to their respective businesses, which may adversely affect our business.

Raízen Energia may engage in hedging transactions, which involve risks that can harm our financial performance.

We are exposed to market risks arising from the conduct of our business activities—in particular, market risks arising from changes in commodity prices, exchange rates or interest rates. In an attempt to minimize the effects of volatility of sugar prices and exchange rates on our cash flows and results of operations, we engage in hedging transactions involving commodities and exchange rate futures, options, forwards and swaps. We also engage in interest rate-related hedging transactions from time to time. Hedging transactions expose us to the risk of financial loss in situations where the other party to the hedging contract defaults on its contract or there is a change in the expected differential between the underlying price in the hedging agreement and the actual price of commodities or exchange rate. We may incur significant hedging-related losses in the future. We hedge against market price fluctuations by fixing the prices of our sugar export volumes and exchange rates. Since we record derivatives at fair value, to the extent that the market prices of our products exceed the fixed price under our hedging policy, our results will be lower than they would have been if we had not engaged in such transactions as a result of the related non-cash derivative expenses. As a result, our financial performance would be adversely affected during periods in which commodities prices increase. Alternatively, we may choose not to engage in hedging transactions in the future, which could adversely affect our financial performance during periods in which commodities prices decrease.

Raízen Energia and Raízen Combustíveis face significant competition, which may adversely affect our market share and profitability.

The ethanol and sugar industries are highly competitive. Internationally, we compete with global ethanol and sugar producers such as Poet, Inc., Archer-Daniels-Midland Company, Cargill, Inc. and A.E. Staley Manufacturing Company (a subsidiary of Tate & Lyle, PLC). Some of our competitors are divisions of larger enterprises and have greater financial resources than us. In Brazil, we compete with numerous small to medium-size producers. Despite increased consolidation, the Brazilian ethanol and sugar industries remain highly fragmented. Our major competitors in Brazil are Biosev (the second largest ethanol and sugar producer in Brazil), Tereos - Guarani (the third-largest ethanol and sugar producer in Brazil), Bunge, Santa Terezinha, São Martinho, Carlos Lyra, Tercio Wanderley, Zilor, Oscar Figueiredo, Da Pedra, and Irmãos Biagi and other ethanol and sugar producers in Brazil that market their ethanol and sugar products through the Cooperative of Sugarcane, Sugar and Ethanol Producers of the state of São Paulo (Cooperativa de Produtores de Cana-de-açúcar, Açúcar e Álcool do Estado de São Paulo), or Copersucar. During the 2011/2012 harvest, Copersucar was comprised of producers in the states of São Paulo, Minas Gerais and Paraná. We are not a member of Copersucar.

We face strong competition from international producers – in particular, in highly regulated and protected markets, such as the United States and the European Union. Historically, imports of sugar have not provided substantial competition for us in Brazil due to, among other factors, the production and logistical cost-competitiveness of sugar produced in Brazil. If the Brazilian government creates incentives

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for sugar imports, we could face increased competition in the Brazilian market by foreign producers. Many factors influence our competitive position, including the availability, quality and cost of fertilizer, energy, water, chemical products and labor. Some of our international competitors have greater financial and marketing resources, larger customer bases and broader product ranges than we do. If we are unable to remain competitive with these producers in the future, our market share may be adversely affected.

The fuel distribution and lubricant market in Brazil is highly competitive. We compete with domestic fuel distributors who purchase substantially all of their fuels from Petrobras. There are very few domestic competitors, such as us, who import certain products into Brazil. In addition, we compete with producers and marketers in other industries that supply alternative forms of energy and fuels to satisfy the requirements of our industrial, commercial and retail consumers. Certain of our competitors, such as Petrobras, have larger fuel distribution networks and vertically integrated oil refineries, and may be able to realize lower per-barrel costs or higher margins per barrel of throughput. Our principal competitors are larger and have substantially greater resources than we do. Because of their integrated operations and larger capitalization, these companies may be more flexible in responding to volatile industry or market conditions, such as shortages of crude oil and other feedstock or intense price fluctuations. The actions of our competitors could lead to lower prices or reduced margins for the products we sell, which could have a material and adverse effect on our business, results of operations and our financial performance.

Transporting and storing natural gas involves numerous risks that may result in accidents and other operating risks and costs that could adversely affect Comgás' results of operations, cash flows and financial condition.

Comgás' activities involve a variety of inherent hazards and operating risks, such as leaks, accidents and mechanical problems, which could cause substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution and impairment of Comgás' operations, which in turn could lead to substantial losses. In accordance with customary industry practice, Comgás maintains insurance against some, but not all, of these risks and losses. The location of pipelines and storage facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from these risks. The occurrence of any of these events if not fully covered by insurance could adversely affect our results of operations, cash flows and financial condition.

Natural gas commodity price changes may affect the operating costs and competitive positions of Comgás' businesses which could adversely affect its results of operations, cash flows and financial condition.

Natural gas prices historically have been volatile and may continue to be volatile in the future. Prices for natural gas are subject to a variety of factors that are beyond Comgás' control. These factors include, but are not limited to, the level of consumer demand for, and the supply of, natural gas, processing, gathering and transportation availability, statutory gas supply purchase obligations, price and availability of alternative fuel sources, weather conditions, natural disasters and political conditions or hostilities in natural gas producing regions.

In addition, natural gas supply agreements have their payment terms made up of two portions: (1) one is indexed to a basket of combustible oils in the international market and is adjusted quarterly, and (2) the other is adjusted annually based on the inflation rate. The price of oil is measured in R\$/m³. Furthermore, natural gas supply agreements often take the form of a "take or pay" agreement, pursuant to which Comgás might be required to pay the difference in amounts between actual consumption and the contract amount. Variations and uncertainties in the price and demand of oil are beyond our control and may adversely affect our results of operations.

Renewal of our natural gas concession agreements and the terms we will receive if such renewals are granted are not guaranteed and our growth strategy may be adversely affected if we cannot obtain new concessions or lose an existing concession.

We carry out our natural gas distribution activities pursuant to concession agreements entered into with the Government of the state of São Paulo and are regulated by ARSESP for 30-year terms with a one-time

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possibility of renewal for an additional 20 years. The Brazilian constitution requires that all concessions relating to public services be awarded through a public bidding process.

We are required to meet certain requirements to renew our concession agreements, and although our expectations is that we will meet these requirements, we cannot assure you that our concession agreements will be renewed, or that they will be renewed on the same terms. If our concession agreements are not renewed, or are renewed with less favorable terms, our business, financial condition and results of operations will be negatively affected.

Our business is subject to regulation, control and supervision of ARSESP and ANP, which could affect our financial performance. ARSESP, establishes a maximum value to our rates and regulates and supervises our business. Pursuant to the concession agreements, every five years the rates are reviewed by the ARSESP, which directly affects the margins and Comgás' results positively or negatively. Such margins are adjusted annually by the IGP-M index price minus the efficiency factor determined for each tariff cycle by ARSESP. As a result, the implementation of our growth strategy and the normal course of our business may be adversely affected by government actions.

A reduction in market demand for ethanol or a change in governmental policies that ethanol be added to gasoline may materially adversely affect our business.

Governmental authorities of several countries, including Brazil and certain states of the United States, currently require the use of ethanol as an additive to gasoline. Since 1997, the Brazilian Sugar and Alcohol Interministerial Council (Conselho Interministerial do Açúcar e Álcool) has set the percentage of anhydrous ethanol that must be used as an additive to gasoline (currently, at 25%). Approximately one-half of all fuel ethanol in Brazil is used to fuel automobiles that run on a blend of anhydrous ethanol and gasoline; the remainder is used in either flex fuel vehicles or vehicles powered by hydrous ethanol alone. Other countries have similar governmental policies requiring various blends of anhydrous ethanol and gasoline. In addition, flex fuel vehicles in Brazil are currently taxed at lower levels than gasoline-only vehicles, which has contributed to the increase in the production and sale of flex fuel vehicles. Any reduction in the percentage of ethanol required to be added to gasoline or increase in the levels at which flex fuel vehicles are taxed in Brazil, as well as growth in the demand for natural gas and other fuels as an alternative to ethanol, lower gasoline prices or an increase in gasoline consumption (versus ethanol), may cause demand for ethanol to decline and affect our business. In addition, ethanol prices are influenced by the supply and demand for gasoline; therefore, a reduction in oil prices resulting in a decrease in gasoline prices and an increase in gasoline consumption (versus ethanol), may have a material and adverse effect on our business and financial performance.

Government policies and regulations affecting the agricultural and fuel sectors and related industries could adversely affect our operations and profitability.

Agricultural production and trade flows are significantly affected by Brazilian federal, state and municipal, as well as foreign, government policies and regulations. Governmental policies affecting the agricultural industry, such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products, may influence industry profitability, the planting of certain crops versus others, the uses of agricultural resources, the location and size of crop production, the trading levels for unprocessed versus processed commodities, and the volume and types of imports and exports.

Future government policies in Brazil and elsewhere may adversely affect the supply, and demand for, and prices of, our products or restrict our ability to do business in our existing and target markets, which could adversely affect our financial performance. Sugar prices, like the prices of many other staple goods in Brazil, were historically subject to controls imposed by the Brazilian government. Sugar prices in Brazil have not been subject to price controls since 1997. However, additional measures may be imposed in the future. In addition, our operations are currently concentrated in the state of São Paulo. Any changes affecting governmental policies and regulations regarding

ethanol, sugar or sugarcane in the state of São Paulo (at the federal, state or municipal level) may adversely affect our business and financial performance.

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In addition, petroleum and petroleum products have historically been subject to price controls in Brazil. Currently there is no legislation or regulation in force giving the Brazilian government the power to set prices for petroleum, petroleum products, ethanol or Vehicular Natural Gas. However, given that Petrobras, the only supplier of oil-based fuels in Brazil, is a government-controlled company, prices of petroleum and petroleum products are subject to government influence, resulting in potential inconsistencies between international prices and internal oil derivative prices that affect our business and our financial results, which are not linked to international prices.

We may not be successful in reducing operating costs and increasing operating efficiencies.

As part of our strategy, we continue to seek to reduce operating costs and increase operating efficiencies to improve our future financial performance. We may not be able to achieve the cost savings that we expect to achieve, depending on several factors, including the increase in the price of the necessary resources to our economic activity.

Given the highly competitive markets in which we operate, with prices often being defined from the global offering, it is highly likely that we will not pass on increases in material costs in our selling price, adversely affecting our financial performance.

Government laws and regulations governing the burning of sugarcane could have a material adverse impact on our business or financial performance.

The state of São Paulo and some local governments have established laws and regulations that limit our ability to burn sugarcane or that reduce and/or entirely prohibit the burning of sugarcane. The costs to comply with existing or new laws or regulations are likely to increase and raise the cost of production, and, as a result, our ability to operate our own mills and harvest our sugarcane crops may be adversely affected.

In addition to restrictions that limit sugarcane burning and other environmental restrictions, we are required to preserve a percentage of our rural properties (sugarcane fields and other facilities), in order to contribute to biodiversity preservation and ecologic rehabilitation. For rural areas located in the state of São Paulo, 20% of the property must be preserved as unused.

Any failure to comply with these laws and regulations may subject us to legal and administrative actions. These actions can result in administrative or criminal penalties, including, but not limited to, embargo, shutdowns, a requirement to pay fines, which may range from R\$50 to R\$50 million and can be doubled or tripled in case of recidivism, an obligation to make capital and other expenditures or an obligation to materially change or cease some operations. In addition, we may be subject to civil liabilities, which include the obligation to redress eventual damages caused to environment and public health. The demonstration of the cause-effect relationship between the damage caused and action or omission is sufficient to trigger the obligation to redress environmental damage.

Adverse weather conditions may reduce the volume and sucrose content of sugarcane that we can cultivate and purchase in a given harvest, and we are affected by seasonality of the sugarcane growing cycle.

Our sugar production depends on the volume and sucrose content of the sugarcane that we cultivate or that is supplied to us by growers located in the vicinity of our mills. Crop yields and sucrose content depend primarily on weather conditions such as rainfall and temperature, which vary and may be influenced by global climate change. Weather conditions have historically caused volatility in the ethanol and sugar industries and, consequently, in our results of operations by causing crop failures or reduced harvests. Flood, drought or frost, which may be influenced by global climate change, can adversely affect the supply and pricing of the agricultural commodities that we sell and use in our business. Future weather patterns may reduce the amount of sugar or sugarcane that we can recover in a given harvest or its sucrose content. In addition, our business is subject to seasonal trends based on the sugarcane growing cycle in

the central-south region of Brazil. The annual sugarcane harvesting period in the central-south region of Brazil begins in April/May and ends in November/December. This creates fluctuations in our inventory, usually peaking in December to cover sales between crop harvests (i.e., December through April), and a degree of seasonality in our gross profit, with ethanol and sugar sales significantly lower in the quarter ended on

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December 31. Seasonality and any reduction in the volumes of sugar recovered could have a material adverse effect on our business and financial performance.

We may be adversely affected by a shortage of sugarcane or by high sugarcane costs.

Sugarcane is our principal raw material used for the production of ethanol and sugar. As of December 31, 2013, sugarcane purchased from suppliers accounted for 50% of our total sugarcane crushed. Historically, approximately 80% of the sugarcane purchased by us has been under medium- and long-term contracts with sugarcane growers, 5% on a spot basis and the remaining 15% from sugarcane growers with whom we have long-term relationships but no contractual arrangements. We generally enter into medium- and long-term supply contracts for periods varying from three and one-half to seven years. As of December 31, 2013, we also leased approximately 500.0 hectares to produce our own sugarcane in contracts with an average term of fourteen years. Any shortage in sugarcane supply or increase in sugarcane prices in the near future, including as a result of the termination of supply contracts or lease agreements representing a material reduction in the sugarcane available to us for processing or increase in sugarcane prices may adversely affect our business and financial performance.

Social movements may affect the use of our agricultural properties or cause damage to them.

Social movements such as the Landless Rural Workers' Movement (Movimento dos Trabalhadores Rurais Sem Terra) and the Pastoral Land Commission (Comissão Pastoral da Terra) are active in Brazil and advocate land reform and property redistribution by the Brazilian Government. Invasion and occupation of agricultural land by large numbers of people is a common practice among the members of such movements, and in certain regions, including those where we currently invest, remedies such as police protection or eviction procedures are inadequate or non-existent. As a result, we cannot assure you that our agricultural properties will not be subject to invasion or occupation by any of such social movements. Any invasion or occupation may materially impair the use of our lands and adversely affect our business, financial condition, and results of operations.

Alternative sweeteners have negatively affected demand for our sugar products in Brazil and other countries.

We believe that the use of alternative sweeteners, especially artificial alternative sweeteners such as aspartame, saccharine and HFCS, has adversely affected the growth of the overall demand for sugar in Brazil and the rest of the world. Soft drink bottlers in many countries have switched from sugar to, or increased consumption of, alternative sweeteners. In addition, the use of alternative sweeteners by sugar consumers, including soft drink bottlers, may also reduce the demand for sugar in Brazil. A substantial decrease in sugar consumption, or the increased use of alternative or artificial sweeteners, would decrease demand for our sugar products and could result in lower growth in our net sales and overall financial performance.

Raízen Energia sugar and ethanol products are sold to a small number of customers which may be able to exercise significant bargaining power concerning pricing and other sale terms.

A substantial portion of Raízen Energia's sugar and ethanol production is sold to a small number of customers that acquire large portions of our production and thus may be able to exercise significant bargaining power concerning pricing and other sale terms. In addition, intensive competition in the ethanol and sugar industries further increases the bargaining power of customers.

Raízen Energia export sales are subject to a broad range of risks associated with international operations.

In the transition period ended December 31, 2013, our net sales from exports represented 5% of our total net sales, while in the fiscal year ended March 31, 2013, our net sales from exports represented 6% of our total net sales.

In the transition period ended December 31, 2013, our net sales from sugar exports were R\$2,458.1 million, representing 36% of our total net sales, and in the fiscal year ended March 31, 2013, our net sales from sugar exports were R\$3,454.8 million, representing 41% of our total net sales for the period. Also in

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the transition period ended December 31, 2013, our net sales from exports of ethanol were R\$1,427.8 million, representing 21% of our total net sales for the period and in the fiscal year ended March 31, 2013, our net sales from ethanol exports were R\$1,985.0 million, representing 23% of total net sales for the period.

We expect to expand our ethanol exports in the future. Expansion of ethanol exports depends on factors beyond our control, including liberalization of existing trade barriers and the establishment of distribution systems for hydrous ethanol in countries outside of Brazil. Our future financial performance will depend, to a significant extent, on economic, political and social conditions in our main export markets.

Most ethanol and/or sugar producing countries, including the United States and member countries of the European Union, protect local producers from foreign competition by establishing government policies and regulations that affect ethanol and sugar production, including quotas, import and export restrictions, subsidies, tariffs and duties. As a result of these policies, domestic ethanol and sugar prices vary greatly in individual countries. We have limited or no access to these large markets as a result of trade barriers. If these protectionist policies continue, we may not be able to expand our export activities at the rate we currently expect, or at all, which could adversely affect our business and financial performance. Also, if new trade barriers are established in our key export markets, we may face difficulties in reallocating our products to other markets on favorable terms, and our business and financial performance may be adversely affected.

Fire and other disasters could affect our agricultural and manufacturing properties, which would adversely affect our production volumes and, consequently, financial performance.

Our operations will be subject to risks affecting our agricultural properties and facilities, including fire potentially destroying some or our entire yield and facilities. In addition, our operations are subject to hazards associated with the manufacture of inflammable products and transportation of feed stocks and inflammable products. Our insurance coverage may not be sufficient to provide full protection against these types of casualties.

Disease and pestilence may strike our crops which may result in destruction of a significant portion of our harvest. Crop disease and pestilence can occur from time to time and have a devastating effect on our crops, potentially rendering useless or unusable all or a substantial portion of affected harvests. Even when only a portion of the crop is damaged, our business and financial performance could be adversely affected because we may have incurred a substantial portion of the production cost for the related harvest. The cost of treatment of crop disease tends to be high. Any serious incidents of crop disease or pestilence, and related costs, may adversely affect our production levels and, as a result, our net sales and overall financial performance.

Anticompetitive practices in the fuel and lubricants distribution market may distort market prices.

In the last few years, anticompetitive practices have been one of the main problems affecting fuel distributors in Brazil. Generally these practices have involved a combination of tax evasion and fuel adulteration, such as the dilution of gasoline by mixing solvents or adding anhydrous ethanol in an amount greater than the 25% permitted by applicable law (the overall taxation of anhydrous ethanol is lower than hydrated ethanol and gasoline). Taxes constitute a significant portion of the cost of fuels sold in Brazil. For this reason, tax evasion on the part of some fuel distributors has been prevalent, allowing them to lower the prices they charge. These practices have enabled certain distributors to supply large quantities of fuel products at prices lower than those offered by the major distributors, including us, which has resulted in a considerable increase in the sales volumes of the distributors who have adopted these practices. The final prices for fuels are calculated based on the taxes levied on their purchase and sale, among others factors. As a result, anticompetitive practices as such tax evasion may affect our sales volume, which could have a material and adverse effect on our business. If such practices become more prevalent, it could lead to lower prices or reduced margins for the products we sell, which could have a material and adverse effect on our business or

results of operations.

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Petrobras is our principal supplier of our base oils and of our fuel distribution and natural gas businesses.

Significant disruption to our fuels and lubricant sales may occur, in the event of an interruption of supply from Petrobras. Any interruption would immediately affect our ability to provide fuel and lubricant products to our customers. If we are not able to obtain an adequate supply of fuel and base oil products from Petrobras under acceptable terms, we may seek to meet our demands through purchases on the international market. The cost of fuel and base oil products on the international market may be more expensive than the price we obtain through Petrobras.

The production of lubricants and the storage and transportation of fuel products, lubricant products are inherently hazardous.

The complex manufacturing operations we perform at our Lubricants Oil Blending Plant, or LOBP, involve a variety of safety and other operating risks, including the handling, production, storage and transportation of toxic materials. These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. A material accident at one of our plants, service stations or storage facilities could force us to suspend our operations and result in significant remediation costs and lost revenue. In addition, insurance proceeds, if available, may not be received on a timely basis and may be insufficient to cover all losses, including lost profit. Equipment breakdowns, natural disasters, and delays in obtaining supplies or required replacement parts or equipment could also materially adversely affect our manufacturing operations and consequently our results of operations.

We may not be able to maintain rights to use blending formulas and brands supplied by ExxonMobil.

We, through our subsidiary Cosan Lubrificantes e Especialidades, or CLE are the exclusive manufacturer and distributor of lubricant products in Brazil based on formulas provided to us from ExxonMobil under the Master Lubricants Agreement, which expires on December 1, 2018. The termination or failure to renew the Master Lubricants Agreement, or the failure by ExxonMobil to adequately maintain and protect its intellectual property rights, could materially and adversely affect our results of operations or could require significant unplanned investments by us if we are forced to develop or acquire alternative technology. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of our products or relating to current or future technologies to enhance our product offerings. However, we may not be able to obtain licensing rights to the needed technology or components on commercially reasonable terms or at all.

Our subsidiary's port concession is subject to expiration, limitation on renewal, early termination by the granting authority and other risks and uncertainties.

We own and operate a sugar-loading terminal at the Port of Santos in the state of São Paulo through our subsidiary Rumo Logística Operadora Multimodal S.A., or Rumo Logística. This port terminal is a result of the association of two previous terminals, Cosan Operadora Portuária S.A., or Cosan Portuária, and Teaçú Armazéns Gerais S.A., or Teaçú (previously owned by Nova América). We are required to obtain a series of authorizations and licenses from public bodies or entities in order to operate our public ports, which authorizations may be subject to fixed expiration dates or periodic review or renewal. While we anticipate that renewals will be given as and when sought, there is no assurance that such renewals will be granted as a matter of course and there can be no assurance that new conditions will not be imposed in connection with such renewals. Furthermore, if we no longer comply with the conditions specified under these licenses and authorizations, they may be revoked. In addition, the port agreements and the applicable legislation to our port concessions establish a set of prerogatives to the granting authority. Thus, there are some specific contractual provisions that enable, among other things, the unilateral amendment and termination of the contract by the granting authority, as well as the imposition of fines and penalties on the concessionaire. Pursuant to the port concession agreement with the state of São Paulo's Port Authority (Companhia de Docas do Estado de São Paulo – CODESP), or CODESP, Cosan Portuária's concession to operate this terminal will expire on 2016, and it may

be renewed for an additional 20 years if Cosan Portuária meets its obligations under the port concession agreement. We are already discussing with the CODESP the renewal of this concession, but we cannot provide assurances that we will be able to renew the concession at all or

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on favorable terms. The South Terminal concession (formerly Teaçú) was initially scheduled to expire in 2016, but has been extended until 2036. Among other situations, port concessions may be unilaterally terminated by the granting authority prior to that time upon:

- expropriation of the port concession in the public interest;
- default by Rumo Logística in the performance of its obligations under the port concession agreement, including the payment of concession fees or failure to comply with other legal and regulatory obligations;
- Rumo Logística's failure to comply with determinations by the granting authority; or
- bankruptcy or dissolution of Rumo Logística.

Termination of the port concession agreement may adversely impact our transportation costs and the turn-around time for the export of our products as well as our revenues from service agreements related to our port facilities.

We are subject to certain environmental inspection and infraction notices concerning the operational conditions of the sugar-loading terminal at the port of Santos. Failure to adequately address these notices may subject us to legal and administrative actions.

In addition, the assets considered essential to the concession will revert to the granting authority upon expiration. At termination of the concession, it is possible that the investments made in those assets will have not been entirely amortized or depreciated. In this case, the granting authority and Rumo Logística will discuss the value of any indemnification for such investments. As the final decision on this amount will be issued solely by the granting authority, the financial condition of Rumo Logística may be negatively impacted if indemnification eventually approved is not sufficient to account for the investments made.

We are unable to estimate the impacts of new regulations applicable to port operations in Brazil.

Until December 6, 2012, port operations in Brazil were governed by Federal Law No. 8,630, dated February 25, 1993 (the "Ports Modernization Law"), which provided the legal framework applicable to the exploration of the organized ports and the ports installations in Brazil. In view of the need to improve the applicable legislation, the Brazilian Federal Government implemented Law 12,815/2013 that expressly revoked the Ports Modernization Law and established a new legal framework with respect to port operations in Brazil. As a result, the public ports are governed by Law 12,815/2013 and by specific complementing regulations that are yet to be published.

According to the provisions of Law 12,815/2013, there are no more distinctions between third party and own cargo handled at private port terminals. Going forward, the activities performed at the private terminals shall be the same as those carried out at the public terminals. As a result, public ports are expected to face higher competition. Accordingly, it is possible that Rumo Logística may not be able to reach the minimum cargo movement provided for in its port concession agreements, which may subject it to fines and, upon repeated violations, to the early termination of the concession.

Even though Law 12,815/2013 does not provide for the adjustments of the terms of any concession agreement currently in place, it is possible that the regulations mentioned above make such provision. New regulations applicable to port operations in Brazil that might cause an adjustment of the terms in our concession agreements, may adversely affect our results of operations.

Our subsidiary Rumo Logística may not obtain the expected return on its contracts with ALL América Latina Logística S.A.

Our subsidiary Rumo Logística entered into long term contracts with ALL, that provides for Rumo Logística to make investments to expand ALL's rail transport capacity in exchange for ALL transporting raw sugar and other derivatives. The contracts provide that Rumo Logística will invest approximately R\$1.5 billion by March 31, 2014, (with the remaining balance as of December 31, 2013 being approximately R\$209.0 in a rail transport system, to be supported by ALL's operations, with investments in (1) the

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duplication, expansion and improvements to the railway line and the yards in the Bauru-Santos/São Paulo railway corridor, sharply increasing its operating capacity; (2) the acquisition of locomotives and hopper railcars; and (3) the construction and expansion of terminals. In return, ALL will provide transport services, guaranteeing (1) a minimum volume curve; (2) competitive tariffs in comparison with truck transport; (3) management of locomotive and wagon suppliers; and (4) payment of rent on equipment in proportion to the actual volume of the product transported. In the event Rumo Logística is not able to originate the volume of sugar to be transported, we may not receive the contractual fees, which could impact negatively the return of invested capital.

Furthermore, ALL has been unable to meet the quantities of sugar transport requested by Rumo, and during the transition period ended December 31, 2013, ALL initiated legal proceedings against Rumo claiming that some of the terms and conditions of the long term contracts are unfair. See “Item 8 – Legal Proceedings.”

The expansion of our business through acquisitions and strategic alliances creates risks that may reduce the benefits we anticipate from these transactions.

We have grown substantially through acquisitions. We plan to continue to acquire, from time to time, other ethanol or sugar producers or facilities in Brazil or elsewhere that complement or expand our sugar and ethanol existing operations. Moreover, we plan to acquire and build, from time to time, fuel terminals, lubricant production assets, retail distribution stations and other assets that complement and expand our fuel and lubricants existing operations and also intend to expand our network of service stations through increased branding. We also may enter into strategic alliances to increase our competitiveness. However, our management is unable to predict whether or when any prospective acquisitions or strategic alliances will occur, or the likelihood of any particular transaction being completed on favorable terms and conditions. Our ability to continue to expand our business through acquisitions or alliances depends on many factors, including our ability to identify acquisitions or access capital markets on acceptable terms. Even if we are able to identify acquisition targets and obtain the necessary financing to make these acquisitions, we could financially overextend ourselves, especially if an acquisition is followed by a period of lower than projected ethanol and sugar prices.

Acquisitions, especially involving sizeable enterprises, may present financial, managerial and operational challenges, including diversion of management attention from existing business and difficulties in integrating operations and personnel. Any failure by us to integrate new businesses or manage any new alliances successfully could adversely affect our business and financial performance. Some of our major competitors may be pursuing growth through acquisitions and alliances, which may reduce the likelihood that we will be successful in completing acquisitions and alliances. In addition, any major acquisition we consider may be subject to antitrust and other regulatory approvals. We may not be successful in obtaining required approvals on a timely basis or at all.

Acquisitions also pose the risk that we may be exposed to successor liability relating to prior actions involving an acquired company, or contingent liabilities incurred before the acquisition. Due diligence conducted in connection with an acquisition, and any contractual guarantees or indemnities that we receive from sellers of acquired companies, may not be sufficient to protect us from, or compensate us for, actual liabilities. A material liability associated with an acquisition, such as labor- or environmental-related liabilities, could adversely affect our reputation and financial performance and reduce the benefits of the acquisition.

We have recently acquired a 60.1% stake in the share capital of Comgás. See “Item 5. Operating and Financial Review and Prospects—Principal Factors Affecting Our Results of Operations—Acquisitions, Partnerships and Corporate Restructuring.” We have also recently entered into agreements to acquire additional companies. See “Item 4. Information on the Company—A. History and Development of the Company.”

We are subject to extensive environmental regulation.

Our business activities in Brazil are subject to extensive federal, state and municipal laws and regulations concerning environmental protection, which impose on us various environmental obligations,

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such as environmental licensing requirements, minimum standards for the release of effluents, use of agrochemicals, management of solid waste, protection of certain areas (legal reserve and permanent preservation areas), and the need for a special authorization to use water, among others. For example, pursuant to Law No. 12,651/2012 (Brazilian Forestry Code), we are required to maintain a percentage of our rural properties (sugarcane fields and other facilities) preserved and free of use, in order to contribute to the conservation of biodiversity and rehabilitation of ecologic processes. For rural areas located in the state of São Paulo, for example, 20% of the property must be preserved as legal reserve.

The failure to comply with such laws and regulations may subject the violator to administrative fines, mandatory interruption of activities and criminal sanctions, in addition to the obligation to cure and pay environmental and third-party damage compensation, without any caps. In addition, Brazilian environmental law adopts a joint and several and strict liability system for environmental damages, which makes the polluter liable even in cases where it is not negligent and would make us jointly and severally liable for the obligations of our producers or off-takers. If we become subject to environmental liabilities, any costs we may incur to rectify possible environmental damage would lead to a reduction in the financial resources which would otherwise remain at our disposal for current or future strategic investment, thus causing an adverse impact on us.

As environmental laws and their enforcement become increasingly stringent, our expenses for complying with environmental requirements are likely to increase in the future. Furthermore, the possible implementation of new regulations, changes in existing regulations or the adoption of other measures could cause the amount and frequency of our expenditures on environmental preservation to vary significantly compared to present estimates or historical costs. Any unplanned future expenses could force us to reduce or forego strategic investments and as a result could materially and adversely affect us.

We incur substantial costs to comply with environmental regulations and may be exposed to liabilities in the event we fail to comply with these regulations or as a result of our handling of hazardous materials.

We are subject to various Brazilian federal, state and municipal environmental protection and health and safety laws and regulations governing, among other matters:

- the issuance and renewal of environmental licenses and authorizations;
- the generation, storage, handling, use and transportation of hazardous materials;
 - sugarcane burning;
- the conservation of soil and water resources;
- the protection of riparian vegetation and the recovery of water sources;
- the emission and discharge of hazardous materials into the ground, air or water; and
 - the health and safety of our employees.

We are also required to obtain permits from governmental authorities for certain aspects of our operations. These laws, regulations and permits often require us to purchase and install expensive pollution control equipment or to make operational changes to limit actual or potential impacts on the environment and/or health of our employees. In addition, Brazilian labor laws establish restrictions to obtain financing from public entities in case of breach of certain labor rights. Currently, we do not anticipate any material claims or liabilities resulting from a failure to comply with

these laws and regulations. However, any violations of these laws and regulations or permit conditions can result in substantial fines, criminal sanctions, and revocations of operating permits and/or shutdowns of our facilities.

Due to the possibility of changes to environmental regulations and other unanticipated developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. Under Brazilian environmental laws, we could be held strictly liable for all of the costs relating to any contamination at our or our predecessors' current and former facilities and at third-party waste

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disposal sites used by us or any of our predecessors. We could also be held responsible for any and all consequences arising out of human exposure to hazardous substances, such as pesticides and herbicides, or other environmental damage.

We are party to a number of administrative and judicial proceedings for alleged failures to comply with environmental laws, which may result in fines, shutdowns, or other adverse effects on our operations. We have not recorded any provisions or reserves for these proceedings as we do not currently believe that they will result in liabilities material to our business or financial performance. Our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances could adversely affect our business or financial performance.

The imposition of restrictions on acquisitions of agricultural properties by non-Brazilian nationals may materially restrict the development of our business.

In August 2010, the president of Brazil approved the opinion of the Attorney General of the federal government affirming the constitutionality of Brazilian Law No. 5,709/71 which imposes important limitations on the acquisition and lease of land in Brazil by foreigners and by Brazilian companies controlled by foreigners. Under this legislation, companies that are majority-owned by foreigners may not acquire agricultural properties in excess of 100 indefinite exploration modules (which are measurement units adopted within different Brazilian regions and range from five to 100 hectares). The Attorney General's opinion states that the sum of agricultural areas that may be owned by foreigners or companies controlled by foreigners may not exceed 25% of the surface of the relevant municipality, of which area up to 40% may belong to foreigners or companies controlled by foreigners of the same nationality, meaning that the sum of agricultural areas that belong to foreigners or companies controlled by foreigners of the same nationality may not exceed 10% of the surface area of the relevant municipality. The implementation of Law No. 5,709/71 may impose on us additional procedures and approvals in connection with our proposed acquisitions of land, which may result in material delays and/or our inability to obtain needed approvals. Any regulatory limitations and restrictions could materially limit our ability to acquire agricultural properties or increase the investments or complicate the regulatory procedures required to do so, any of which could materially and adversely affect us, our financial performance and our ability to successfully implement our business strategy.

We are exposed to the credit and other counterparty risk of our customers in the ordinary course of our business.

We have various credit terms with virtually all of our wholesale and retail industrial customers, and our customers have varying degrees of creditworthiness which exposes us to the risk of nonpayment or other default under our contracts and other arrangements with them. In the event that a significant number of material customers default on their payment obligations to us, our financial condition, results of operations or cash flows, could be materially and adversely affected.

Our business would be materially adversely affected if operations at our transportation, terminal and storage and distribution facilities experienced significant interruptions. Our business would also be materially adversely affected if the operations of our customers and suppliers experienced significant interruptions.

Our operations are dependent upon the uninterrupted operation of our terminal and storage facilities and various means of transportation. We are also dependent upon the uninterrupted operation of certain facilities owned or operated by our suppliers and customers. Operations at our facilities and at the facilities owned or operated by our suppliers and customers could be partially or completely shut down, temporarily or permanently, as the result of any number of circumstances that are not within our control, such as:

- catastrophic events, including hurricanes and floods;

- environmental remediation;
- labor difficulties (including work stoppages, strikes and other events); and

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- disruptions in the supply of our products to our facilities or means of transportation.

Any significant interruption at these facilities or inability to transport products to or from these facilities or to or from our customers for any reason would materially adversely affect our results of operations and cash flow.

Disruption of transportation and logistics services or insufficient investment in public infrastructure could adversely affect our operating results.

One of the principal disadvantages of the Brazilian agriculture sector is that key growing regions lie far from major ports. As a result, efficient access to transportation infrastructure and ports is critical to the growth of Brazilian agriculture as a whole and of our operations in particular. As part of our business strategy, we are investing in areas where existing transportation infrastructure is under developed. Improvements in transportation infrastructure are likely to be required to make more agricultural production accessible to export terminals at competitive prices. A substantial portion of Brazilian agricultural production is currently transported by truck, a means of transportation significantly more expensive than the rail transportation available to U.S. and other international producers. Our dependence on truck transport may affect our position as low-cost producer, so that our ability to compete in world markets may be impaired.

Even though road and rail improvement projects have been considered for some areas of Brazil, and in some cases implemented, substantial investments are required for road and rail improvement projects, which may not be completed on a timely basis – if at all. Any delay or failure in developing infrastructure systems could hurt the demand for our products, impede our delivery of products or impose additional costs on us. We currently outsource the transportation and logistics services necessary to operate our business. Any disruption in these services could result in supply problems at our processing plants and impair our ability to deliver processed products to our customers in a timely manner. In addition, a natural disaster or other catastrophic event could result in disruption in regional transportation infrastructure systems affecting our third-party transportation providers.

We depend on third parties to provide our customers and us with facilities and services that are integral to our business.

We have entered into agreements with third-party contractors to provide facilities and services required for our operations, such as the transportation and storage of ethanol and sugar. The loss or expiration of our agreements with third-party contractors or our inability to renew these agreements or to negotiate new agreements with other providers at comparable rates could harm our business and financial performance. Our reliance on third parties to provide essential services on our behalf also gives us less control over the costs, efficiency, timeliness and quality of those services. Contractors' negligence could compromise the safety of the transportation of ethanol from our production facilities to our export facilities and expose us to the risk of liability for environmental damage caused by such third parties. We expect to be dependent on such agreements for the foreseeable future, and if we enter any new market, we will need to have similar agreements in place. Also, pursuant to Brazilian law, if labor authorities understand such third party contractors are performing activities considered to be part of our core business, we may be exposed to fines, prohibition on outsourcing such activities and labor liabilities in connection with the outsourced workforce.

Technological advances could affect demand for our products or require substantial capital expenditures for us to remain competitive.

The development and implementation of new technologies may result in a significant reduction in the costs of ethanol production. We cannot predict when new technologies may become available, the rate of acceptance of new technologies by our competitors or the costs associated with such new technologies. Advances in the development of alternatives to ethanol also could significantly reduce demand or eliminate the need for ethanol as a fuel oxygenate.

Any advances in technology which require significant capital expenditures to remain competitive or which otherwise reduce demand for ethanol will have a material adverse effect on our business and financial performance.

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We may be adversely affected by unfavorable outcomes in pending legal proceedings.

We are involved in a significant number of tax, civil and labor proceedings as to which, at December 31, 2013, we recorded a provision totaling R\$722.5 million and had net of judicial deposits or restricted bank accounts totaling R\$361.6 million. We cannot predict whether we will prevail in these or other proceedings, or whether we will have to pay significant amounts, including penalties and interest, as payment for our liabilities, which would materially and adversely impact our business and financial performance.

Funding, especially on terms acceptable to us, may not be available to meet our future capital needs.

Global market and economic conditions have been, and continue to be, disruptive and volatile. The debt capital markets have been impacted by significant write-offs in the financial services sector and the re-pricing of credit risk, among other things. These events have negatively affected general economic conditions. In particular, the cost of raising money in the debt capital markets has increased substantially while the availability of funds from those markets has diminished significantly. Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders and institutional investors have increased interest rates, enacted tighter lending standards and reduced and, in some cases, ceased to provide funding to borrowers on commercially reasonable terms or at all. If funding is not available when needed, or is available only on unfavorable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business and results of operations.

We are not insured against business interruption for our Brazilian operations and most of our assets are not insured against war or sabotage. In addition, our insurance coverage may be inadequate to cover all losses and/or liabilities that may be incurred in our operations.

We do not maintain coverage for business interruptions of any nature for our Brazilian operations, including business interruptions caused by labor disruptions. If, for instance, our workers were to strike, the resulting work stoppages could have a material and adverse effect on us. In addition, we do not insure most of our assets against war or sabotage. Therefore, an attack or an operational incident causing an interruption of our business could have a material and adverse effect on our financial condition or results of operations. Our operations are subject to a number of hazards and risks. We maintain insurance at levels that are customary in our industry to protect against these liabilities; however, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. Moreover, we will be subject to the risk that we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a materially adverse effect on our business, financial condition and results of operations.

We concluded formation of the Joint Venture with Shell to further develop our sugar and ethanol and fuel distribution businesses on June 1, 2011. We cannot guarantee that the Joint Venture will be successful.

On June 1, 2011, we concluded the formation of our Joint Venture with Shell, a Joint Venture relating to the production, supply, distribution and retailing of ethanol-based fuels. We may incur unanticipated expenses, fail to realize all anticipated benefits or synergies, disrupt relationships with current and new employees, customers and vendors, incur indebtedness or fail to successfully collaborate with Shell, and Shell may fail to perform its obligations under the relevant agreements. Any delays or difficulties encountered with the Joint Venture could materially adversely impact our business and results of operations. For further information regarding the formation of the Joint Venture, see “Business—Joint Venture.”

The shareholders' and certain other definitive agreements with respect to the Joint Venture, Comgás and Radar are subject to various put and call options and termination provisions.

Shell and Cosan have entered into certain definitive agreements with respect to the Joint Venture that are subject to various put and call options and termination provisions that if triggered would cause the Joint Venture, or our participation in it, to terminate prior to the scheduled expiration date of the agreements in

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June 2031. Under the shareholders' agreements Cosan and Shell have granted each other reciprocal call options. On the tenth anniversary of the June 2011 closing, Shell will have a call option to buy half or all of Cosan's equity interests in the Joint Venture. Cosan will have the right to elect whether it would sell half or all of its Joint Venture equity interests to Shell after the exercise of Shell's option in that year. On the fifteenth anniversary of the June 2011 closing, one party will have the right to buy all or a portion of the other party's equity stake in the Joint Venture. There will also be call and put options in certain other limited circumstances, including in the event of a fundamental breach by either party and in the case of the death or disability of Cosan's Chairman, Rubens Ometto Silveira Mello. See "Item 7.A. Major Shareholders–Shareholders' Agreements and Other Arrangements–Joint Venture Shareholders' Agreement."

We granted a put option of Cosan S.A. shares to Shell Brazil Holdings BV (a minority shareholder in Comgás), exercisable in three annual tranches, with the last one maturing on April 15, 2017. If exercised, Cosan Limited will receive all the shares of Comgás held directly and indirectly by Shell Brazil Holdings BV.

Moreover, Radar's shareholders' agreement sets forth mutual put options between us and Mansilla Participações S.A., or Mansilla, to acquire up to all of Radar's properties or each other's shares upon notice during specific 5-day periods, the first on the tenth anniversary of the initial closing date of the subscription agreement between the parties and the each subsequent 18-month period after the first put date. See "Item 7.A. Major Shareholders–Shareholders' Agreements and Other Arrangements– Radar's Shareholders' Agreement."

If any of these or other similar provisions are triggered under the shareholders' agreements or any of the other related agreements our partnerships, or certain rights we hold in connection therewith, could terminate prior to the scheduled expiration, which could adversely affect the results of our operations.

We have not included in this transition report financial information regarding Shell or the fuel distribution assets of Shell that it contributed to the Joint Venture.

The Joint Venture is a material transaction. However, we have not included any historical financial information in this transition report regarding Shell or the fuel distribution assets that Shell contributed to the Joint Venture prior to the formation of the Joint Venture in June 2011. Investors are therefore cautioned that the nature of the assets contributed by Shell to the Joint Venture and other aspects of the Joint Venture may have a material adverse effect on us.

With respect to the results of Raízen our management evaluates the results of Raízen Energia and Raízen Combustíveis on the same basis they are evaluated by the management of Raízen, which is on a 100% basis. Accordingly, unless the context requires otherwise, information pertaining to Raízen Energia and Raízen Combustíveis included in this transition report refers to 100% of the operations of these businesses. Upon the application of IFRS 11, the Company retrospectively changed the accounting for its investments in Raízen Combustíveis and Raízen Energia, classifying them as jointly controlled entities (Joint Ventures) under the new standard. As such, for the year ended December 31, 2013, the Company accounted for these joint ventures under the equity method as opposed to the proportional consolidation method applied until March 31, 2013, and the accounting for the joint ventures for the fiscal years ended March 31, 2013 and 2012 have been restated for the impacts of retrospectively adopting IFRS 11. The joint ventures in Raízen Combustíveis and Raízen Energia, were created on June 1, 2011, therefore the consolidated statement of profit or loss for the years ended March 31, 2011 and 2010 were not impacted by the adoption of IFRS 11.

We are highly dependent on our chairman and other members of our management to develop and implement our strategy and to oversee our operations.

We are dependent upon Mr. Rubens Ometto Silveira Mello, our chairman, other members of senior management and certain members of our board of directors, especially with respect to business planning, strategy and operations. If any

of these key members of our management leaves our Company, our business and financial performance may be negatively affected. Our business is particularly dependent on Mr.

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Rubens Ometto Silveira Mello, who is also our controlling shareholder. We currently do not carry any key man insurance.

We are indirectly controlled by a single individual who has the power to control us and all of our subsidiaries.

Mr. Rubens Ometto Silveira Mello, our controlling shareholder and chairman, has the power to indirectly control us, including the power to:

- elect a majority of our directors and appoint our executive officers, set our management policies and exercise overall control over our Company and subsidiaries;
- agree to sell or otherwise transfer his controlling stake in our Company; and
- determine the outcome of substantially all actions requiring shareholder approval, including transactions with related parties, corporate reorganizations, acquisitions and dispositions of assets, and dividends.

Currently, because of the share capital structure of our parent company Cosan Limited, our controlling shareholder is able to control substantially all matters submitted to our shareholders for a vote or approval even if the controlling shareholder comes to own less than 50% of our issued and outstanding share capital. The concentrated control will limit your ability to influence corporate matters and, as a result, we may take actions that our shareholders do not view as beneficial. As a result, the market price of our notes could be adversely affected.

We may face conflicts of interest in transactions with related parties.

We engage in business and financial transactions with our controlling shareholder and other shareholders that may create conflicts of interest between our Company and these shareholders. For example, we enter into land leasing agreements with our affiliates, including Amaralina Agrícola Ltda., or Amaralina, Santa Bárbara Agrícola S.A., or Santa Bárbara and São Francisco S.A., or São Francisco. The accounts payable balances result mainly from the lease of agriculture land, which are at prices and on terms equivalent to the average terms and prices of transactions that we enter into with third parties. Commercial and financial transactions between our affiliates and us, even on if entered into on an arm's length basis, create the potential for, or could result in, conflicts of interests.

Risks Related to Brazil

Brazilian economic, political and other conditions, and Brazilian government policies or actions in response to these conditions, may negatively affect our business and financial performance and the market price of our class A common shares.

The Brazilian economy has been characterized by frequent and occasionally extensive intervention by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Brazil's economy. For example, the government's actions to control inflation have at times involved setting wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports into Brazil. We have no control over, and cannot predict, what policies or actions the Brazilian government may take in the future.

Our business, financial performance and prospects, as well as the market prices of our class A common shares, may be adversely affected by, among others, the following factors:

- exchange rate movements;

- exchange control policies;

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- expansion or contraction of the Brazilian economy, as measured by rates of growth in gross domestic product, or “GDP”;
- inflation;
- tax policies;
- other economic, political, diplomatic and social developments in or affecting Brazil;
- interest rates;
- liquidity of domestic capital and lending markets; and
- social and political instability.

These factors, as well as uncertainty over whether the Brazilian government may implement changes in policy or regulations relating to these factors, may adversely affect us and our business and financial performance and the market price of our class A common shares.

Cosan S.A., its subsidiaries and jointly controlled entities generally invoice their sales in reais, but a substantial portion of Cosan S.A.’s, its subsidiaries and jointly controlled entities net sales is from export sales that are billed in U.S. dollars. At the same time, the majority of Cosan S.A.’s, its subsidiaries and jointly controlled entities costs are denominated in reais. As a result, our operating margins are negatively affected when there is an appreciation of the real to the U.S. dollar. Additionally, we have indebtedness with fixed and floating rates, and we are thus exposed to the risk of fluctuations in interest rates. If there is an increase in interest rates, our financial results may be affected.

Inflation and government measures to curb inflation may adversely affect the Brazilian economy, the Brazilian securities market, our business and operations and the market prices of our class A common shares.

At times in the past, Brazil has experienced high rates of inflation. According to the General Market Price Index (Índice Geral de Preços – Mercado), or IGP-M, a general price inflation index, the inflation rates in Brazil were 11.3% in 2010, 5.1% in 2011, 5.2% in 2012 and 5.5% in 2013. In addition, according to the National Extended Consumer Price Index (Índice Nacional de Preços ao Consumidor Amplo), published by the IBGE, the Brazilian price inflation rates were 5.9% in 2010, 6.5% in 2011, 5.8% in 2012 and 5.9% in 2013. The Brazilian government’s measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting availability of credit and reducing economic growth. Inflation, actions to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets.

Brazil may experience high levels of inflation in future periods. Periods of higher inflation may slow the rate of growth of the Brazilian economy, which could lead to reduced demand for our products in Brazil and decreased net sales. Inflation is also likely to increase some of our costs and expenses, which we may not be able to pass on to our customers and, as a result, may reduce our profit margins and net income. In addition, high inflation generally leads to higher domestic interest rates, and, as a result, the costs of servicing any floating-rate real-denominated debt may increase, resulting in lower net income. Inflation and its effect on domestic interest rates can, in addition, lead to reduced liquidity in the domestic capital and lending markets, which could affect our ability to refinance our indebtedness in those markets. Any decline in our net sales or net income and any deterioration in our financial performance would also likely lead to a decline in the market price of our class A common shares.

Significant volatility in the value of the real in relation to the U.S. dollar could harm our ability to meet our U.S. dollar-denominated liabilities.

The Brazilian currency has historically suffered frequent devaluations. In the past, the Brazilian government has implemented various economic plans and exchange rate policies, including sudden devaluations and periodic mini-devaluations, during which the frequency of adjustments has ranged from

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daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. There have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. On December 31, 2013, the exchange rate was R\$2.343 per US\$1.00.

Because Cosan S.A., its subsidiaries and jointly controlled entities generally invoices its sales in reais, devaluation of the real against foreign currencies may generate losses from our foreign currency-denominated liabilities as well as an increase in our funding costs with a negative impact on our ability to finance our operations through access to the international capital markets and on the market value of the class A common shares. A strengthening of the real in relation to the U.S. dollar generally has the opposite effect. Further devaluations of the Brazilian currency may occur and impact our business in the future. These foreign exchange and monetary gains or losses can be substantial, which can significantly impact our earnings from one period to the next. In addition, depreciation of the real relative to the U.S. dollar could (1) result in additional inflationary pressures in Brazil by generally increasing the price of imported products and services and requiring recessionary government policies to curb demand and (2) weaken investor confidence in Brazil and reduce the market price of the class A common shares. On the other hand, further appreciation of the real against the U.S. dollar may lead to a deterioration of the country's current account and the balance of payments and may dampen export-driven growth.

Because a substantial portion of our indebtedness is, and will continue to be, denominated in or indexed to the U.S. dollar, our foreign currency exposure related to our indebtedness as of December 31, 2013 was R\$3,814.9 million. We manage a portion of our exchange rate risk through foreign currency derivative instruments, but our foreign currency debt obligations are not completely hedged. In addition, a devaluation of the real would effectively increase the interest expense in respect of our U.S. dollar-denominated debt.

Changes in tax laws may increase our tax burden and, as a result, adversely affect our profitability.

The Brazilian government regularly implements changes to tax regimes that may increase the tax burden on Cosan S.A., its subsidiaries and jointly controlled entities and its customers. These changes include modifications in the rate of assessments and, on occasion, enactment of new or temporary taxes, the proceeds of which are earmarked for designated governmental purposes. In November 2013, a provisional measure was enacted, introducing changes to financial accounting rules and replacing the temporary tax regime, applied during the period of 2008 until 2013, and regulating the transition between the then-applicable Brazilian accounting practices and international IFRS standards. The measure must be approved by the Brazilian Congress before it is effective.

The measure brings changes in the income tax, the tax basis of goodwill on acquisition of shareholdings, fiscal treatment of mergers and acquisitions, present value adjustments in the investee, pre-operational expenses and leases. The new regulations will be effective in 2015, but can be adopted in 2014.

The Company performed an analysis of the provisions of this measure, and concluded that there is no material impact on its financial statements as a result of its application. This analysis will be reassessed by management when the measure is finalized and enacted into law.

Risks Related to Our Common Shares

We are a Bermuda company, and it may be difficult for you to enforce judgments against us or our directors and executive officers.

We are a Bermuda exempted company, so that the rights of holders of our shares will be governed by Bermuda law and our by-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. All of our directors and some of the experts referred to in this transition

report are not citizens or residents of the United States, and all of our assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on those persons in the United States or to enforce judgments obtained in U.S. courts against us or those persons based on the civil liability provisions of the U.S. federal or state securities laws. We have been advised by our Bermuda counsel, Attride-Stirling & Woloniecki, that uncertainty exists as to whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against us or

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our directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against us or our directors or officers under the securities laws of other jurisdictions. The United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on U.S. federal or state securities laws, may not necessarily be enforceable in Bermuda.

Bermuda law differs from the laws in effect in the United States and Brazil and may afford less protection to shareholders.

Our shareholders may have more difficulty protecting their interests than shareholders of a company incorporated in the United States or Brazil. As a Bermuda company, we are governed by the Companies Act 1981. The Companies Act 1981 differs in material respects from laws generally applicable to U.S. or Brazilian corporations and their shareholders, including the provisions relating to interested directors, amalgamations, takeovers, shareholder lawsuits and indemnification of directors.

Under Bermuda law, directors and officers of a company generally owe fiduciary duties to the company and not to individual shareholders. Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts may, however, in certain circumstances permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or by-laws. Consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for example, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it. The Companies Act 1981 imposes a duty on directors and officers to act honestly and in good faith with a view to the best interests of the company and to exercise the care and skill that a reasonably prudent person would exercise in comparable circumstances. Directors of a Bermuda company have a duty to avoid conflicts of interest. However, if a director discloses a direct or indirect interest in any contract or arrangement with us as required by Bermuda law, our by-laws provide that such director is entitled to be counted for quorum purposes, but may not vote in respect of any such contract or arrangement in which he or she is interested. In addition, the rights of our shareholders and the fiduciary responsibilities of our directors under the Companies Act 1981 are not as clearly established as under statutes or judicial precedent in jurisdictions in the United States, particularly in the State of Delaware.

Provisions in our by-laws may discourage takeovers, which could affect the return on the investment of our shareholders.

Our by-laws contain provisions that could make it more difficult for a third party to acquire us without the consent of our board of directors. These provisions provide, among other things, for:

- a classified board of directors with staggered three-year terms;
- restrictions on the time period in which directors may be nominated;
- the affirmative vote of a majority of our directors in office and the resolution of the shareholders passed by a majority of votes cast at a general meeting or, if not approved by a majority of the directors in office, the resolution of the shareholders at a general meeting passed by 66- 2/3% of all votes attaching to all shares then in issue for amalgamation and other business combination transactions; and
-

the tag-along rights described under “Item 10. Additional Information—B. Memorandum and By-laws—Tag-along Rights.”

These by-laws provisions could deter a third party from seeking to acquire us, even if the third party’s offer may be considered beneficial by many shareholders.

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As a holding company, we may face limitations on our ability to receive distributions from our subsidiaries.

We conduct all of our operations through subsidiaries and are dependent upon dividends or other intercompany transfers of funds from our subsidiaries to meet our obligations. For example, Brazilian law permits the Brazilian government to impose temporary restrictions on conversions of Brazilian currency into foreign currencies and on remittances to foreign investors of proceeds from their investments in Brazil, whenever there is a serious imbalance in Brazil's balance of payments or there are reasons to expect a pending serious imbalance. The Brazilian government last imposed remittance restrictions for approximately six months in 1989 and early 1990. The Brazilian government may take similar measures in the future. Any imposition of restrictions on conversions and remittances could hinder or prevent us from converting into U.S. dollars or other foreign currencies and remitting abroad dividends, distributions or the proceeds from any sale in Brazil of common shares of our Brazilian subsidiaries. We currently conduct all of our operations through our Brazilian subsidiaries. As a result, any imposition of exchange controls restrictions could reduce the market prices of the class A common shares.

Our by-laws restrict shareholders from bringing legal action against our directors and officers and also provide our directors and officers with indemnification from their actions and omissions, although such indemnification for liabilities under the Securities Act is unenforceable in the United States.

Our by-laws contain a broad waiver by our shareholders of any claim or right of action, both individually and on our behalf, against any of our officers or directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty. Our by-laws also indemnify our directors and officers in respect of their actions and omissions, except in respect of their fraud or dishonesty. The indemnification provided in our by-laws is not exclusive of other indemnification rights to which a director or officer may be entitled, provided these rights do not extend to his or her fraud or dishonesty. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we understand that, in the opinion of the staff of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable in the United States.

The sale, or issuance, of a significant number of our common shares may adversely affect the market value of our class A common shares.

The sale of a significant number of our common shares, or the perception that such a sale could occur, may adversely affect the market price of our class A common shares. We have an authorized share capital of 1,000,000,000 class A common shares and 188,886,360 class B common shares, of which 174,355,341 class A common shares are issued and outstanding and 96,332,044 class B series 1 common shares are issued and outstanding as of December 31, 2013. Our by-laws establish that our board of directors is authorized to issue any of our authorized, but unissued share capital. Our shareholders at a shareholders general meeting may authorize the increase of our authorized share capital. As a result, we will be able to issue a substantial number of new shares after the lock-up period, which, if we decided to do so, could dilute the participation of our shareholders in our share capital.

Actual dividends paid on our shares may not be consistent with the dividend policy adopted by our board of directors.

Our board of directors will adopt a dividend policy that provides, subject to Bermuda law, for the payment of dividends to shareholders equal to approximately 25% of our annual consolidated net income (as calculated in accordance with IFRS as issued by IASB). Our board of directors may, in its discretion and for any reason, amend or repeal this dividend policy. Our board of directors may decrease the level of dividends provided for in this dividend

policy or entirely discontinue the payment of dividends. Future dividends with respect to our common shares, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, distribution of dividends made by our subsidiaries,

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contractual restrictions, business opportunities, provisions of applicable law and other factors that our board of directors may deem relevant.

To the extent we pay dividends to our shareholders, we will have less capital available to meet our future liquidity needs.

Our business strategy contemplates substantial growth over the next several years, and we expect that such growth will require considerable liquidity. To the extent that we pay dividends in accordance with our dividend policy, the amounts distributed to our shareholders will not be available to us to fund future growth and meet our other liquidity needs.

We may require additional funds in the future, which may not be available or which may result in dilution of the interests of shareholders in our company.

We may need to issue debt or equity securities in order to obtain additional public or private financing. The securities that we issue may have rights, preferences and privileges senior to those of our shares. If we decide to raise additional capital through an offering of common shares, the participation of our shareholders in our share capital may be diluted. Moreover, additional funding that may be required in the future may not be available under favorable terms.

The price of our class A common shares is subject to volatility.

The market price of our class A common shares could be subject to significant fluctuations due to various factors, including actual or anticipated fluctuations in our financial performance, losses of key personnel, economic downturns, political events in Brazil or other jurisdictions in which we operate, developments affecting the ethanol and sugar industries, changes in financial estimates by securities analysts, the introduction of new products or technologies by us or our competitors, or our failure to meet expectations of analysts or investors.

Item 4. Information on the Company

A. History and Development of the Company

We are a limited liability exempted company incorporated under the laws of Bermuda on April 30, 2007 for an indefinite term. Cosan Limited is registered with the Registrar of Companies in Bermuda under registration number EC 39981. Our commercial name is Cosan. Our registered office is located at Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda. Our principal executive office is located at Av. Presidente Juscelino Kubitschek, 1,327 – 4th floor, São Paulo – SP, 04543-011, Brazil and our general telephone and fax numbers are +55 11 3897-9797 and +55 11 3897-9799, respectively.

Our history dates back to 1936 when the Costa Pinto mill was established by the Ometto family in the city of Piracicaba in the state of São Paulo, with annual sugarcane crushing capacity of 4.0 million tons. As of the mid 1980s, we began to expand our operations through the acquisition of various milling facilities in the state of São Paulo.

In 2004, Cosan S.A. conducted its first issuance of bonds in the international capital markets, raising US\$200 million in 5-year bonds, which matured in 2009. In 2005, it made the first public offering of shares by a producer of sugar and ethanol on the São Paulo Stock Exchange (BM&FBovespa).

In 2007, our Class A common shares were listed on the New York Stock Exchange (NYSE).

In 2008, Cosan S.A. began operating as a fuel distributor and lubricants producer following its acquisition of Esso Brasileira de Petróleo Ltda or “Essobras,” which were Exxon Mobil’s assets in Brazil. Essobras was a distributor and seller of fuels and producer and seller of lubricants and specialty petroleum products of ExxonMobil in Brazil.

In 2008, Cosan S.A. also announced the creation of an affiliate named Radar Propriedades Agrícolas S.A., or Radar, which principally makes real estate investments in Brazil identifying and acquiring rural properties with high appreciation potential for subsequent leasing and/or sale.

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In 2009, Cosan S.A. acquired Nova América S.A. Agroenergia, or Nova América. Nova América was a producer of sugar, ethanol and energy co-generation which also operated in trading and logistics, and also controlled a port terminal in Santos called Teaçú. The acquisition of Nova América's assets included the "União" brand, which renamed Cosan Alimentos.

In 2010, Cosan S.A. integrated its existing port terminal called Cosan Operadora Portuária with Teaçú Port Terminal, initiating our logistics business with the formation of Rumo Logística S.A., or Rumo. Also in 2010, Rumo received R\$400 million from investment vehicles controlled by TPG Capital and Gávea Investimentos. As a result of this capital increase, each investor now owns 12.5% of Rumo.

In 2011, Cosan S.A. and Shell established our Joint Venture, Raízen, to produce sugar and ethanol and to distribute fuel. See "Item 4. Information on the Company—C. Organizational Structure," for further information on the Joint Venture.

In March 2012, Cosan S.A. entered into an agreement to acquire Comma Oil & Chemicals Limited, or Comma, a wholly-owned subsidiary of Esso Petroleum Company, Limited to enter into the European lubricants & specialties market. Comma is located in England and manufactures and supplies lubricants, seasonal and car care products to the United Kingdom and other export markets in Europe and Asia, primarily under the Comma brand. The acquisition of Comma by Cosan includes finished lubricants and chemicals manufacturing and sales to third parties; all assets located at Comma's Gravesend site in Kent, England; and ownership of the Comma trademarks and brands. In addition, agreements will be in place to allow Comma to continue to distribute select Mobil-branded lubricants through certain United Kingdom channels and to continue to manufacture and supply ExxonMobil companies with a range of seasonal and ancillary automotive products. The transaction was concluded on July 1, 2012.

On October 24, 2012, Cosan S.A. and its subsidiary Handson Participações S.A., or Handson entered into purchase and sale agreement with Camil Alimentos S.A., or Camil, for the sale of our subsidiary Docelar Alimentos e Bebidas S.A., or Cosan Alimentos, to Camil, for R\$463.8 million. As consideration for this amount, at the closing of the transaction Camil assumed indebtedness of R\$170.0 million and paid cash of R\$88.7 million. The remaining R\$205.0 million will be settled in four payments. The sale was approved by the Brazilian Antitrust Authority (CADE) on July 19, 2012. The outstanding payments are secured by a trust receipt on our behalf of 28,246,685 shares of Camil, corresponding to 25% of its capital stock. In addition, pursuant to the agreement, we and our affiliates cannot compete with Camil or Docelar during five years from the date of the agreement.

Also in May 2012, Cosan S.A., through its subsidiary Provence Participações S.A., or Provence, entered into a Stock Purchase Agreement to acquire 60.1% for R\$3.4 billion of Companhia de Gás de São Paulo – Comgás, or Comgás from BG Group. Comgás is Brazil's largest distributor of piped natural gas. Its network reaches over eight thousand kilometers delivering natural gas to more than one million customers in the residential, commercial and industrial segments. The acquisition of Comgás' controlling stake is part of Cosan's strategy to expand its presence in the energy business. On November 5, 2012, we concluded the acquisition of 60.1% stake of Comgás, with full approval from, and no restrictions were imposed by CADE or ARSESP. As a result of this acquisition, we entered into a shareholders' agreement with the other principal shareholders of Comgás, Integral Investments B.V. and Shell Brazil Holding BV, subsidiaries of Shell Gas BV of the Shell Group. Shell Brazil Holding BV, which has a direct and indirect interest in Comgás, corresponding to 18.2% of its share capital, has been granted an option to convert its current stake of 21,805,645 Comgás common shares into 30,917,231 of Cosan S.A. shares. The exercise of this option may occur during a period of approximately 30 days at the third, fourth or fifth anniversary from the closing date.

On February 24, 2014, Cosan S.A., through its subsidiary Rumo Logística submitted to ALL – América Latina Logística S.A. a binding proposal for the incorporation of ALL by Rumo. The Proposal entails the merger of all the shares issued by ALL, of which the current shareholders of Rumo and ALL will be allotted 36.5% and 63.5%,

respectively, of the capital stock of the combined company. The Association is subject to certain conditions precedents, notably the following: (i) Rumo must become registered as a publicly held company and simultaneously join the Novo Mercado segment of BM&FBovespa; (ii) obtain the regulatory approvals from CADE and the National Land Transport Agency (“ANTT”) and (iii) obtain all corporate and third-party approvals required by applicable laws and the bylaws of the companies.

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On April 15, 2014, the execution of the Stock Merger is still conditional upon approval by CADE and ANTT, as well as any other Government departments whose prior authorizations might be necessary and other conditions precedent contained in the proposal.

Capital Expenditures

See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures” for a description of our principal capital expenditures for the transition period and for the past two fiscal years. For more information concerning our principal capital expenditures currently in progress, see “—D. Property, Plant and Equipment—Capital Expenditures.”

B. Business Overview

Cosan is one of the largest corporations in Brazil, as ranked by the Exame magazine annual Melhores e Maiores publication, with businesses in strategic sectors to the Brazilian development, such as infrastructure and energy. The following companies are part of the organization: Comgás, Raízen, Rumo, Cosan Lubrificantes and Radar.

Acquired in 2012, Comgás is Brazil's largest natural gas distributor. It has a network of 11,000 thousand kilometers, bringing natural gas to more than 1.1 million residential, commercial and industrial consumers in 70 cities. Its concession area accounts for approximately 27% of Brazil's Gross Domestic Product, covering 177 cities in the São Paulo, Campinas and Santos metropolitan areas and the Paraíba Valley.

Through Raízen, a joint venture between Cosan and Shell created in June of 2011, the company produces more than 2 billion liters of ethanol per year to supply both domestic and international markets and 4 million tons of sugar, with 934 MW of installed capacity - making it one of the world's largest power generator of electricity from sugarcane bagasse. The company plants, harvests and processes sugarcane, the main raw material used in the production of sugar and ethanol. Raízen also distributes fuel to approximately 4,860 service stations throughout Brazil under the Shell brand, with 850 convenience stores, 58 distribution terminals and presence in 54 airports supplying jet fuel.

In the logistics sector, Rumo is one of the world's leaders in transport of sugar for exportation and is creating an integrated platform of transport that will significantly increase the efficiency of Brazilian exports.

Through Cosan Lubricants, the company produces and distributes automotive and industrial lubricants. Under the Mobil brand, Cosan operates in Brazil and in three other countries in South America (Bolivia, Uruguay and Paraguay), and also in the UK, with Comma.

With Radar, the company focus in exploring new opportunities in agricultural properties with high potential for appreciation in Brazil, acquiring and leasing them to large operators in the sector for cultivation of sugarcane, soybeans, corn and cotton.

Cosan S.A. ("CSAN3") is listed since 2005 in the highest level of corporate governance "Novo Mercado" on the BM&FBovespa and Cosan Limited ("CZZ") is listed since 2007 on the NYSE (New York Stock Exchange).

Raízen Combustíveis (Fuel Distribution)

Overview

Through Raízen Combustíveis, our downstream Joint Venture company, we are engaged in sourcing, storing, blending and distributing gasoline, ethanol, diesel, fuel oil and aviation fuel through our network of approximately 4,860

Shell-branded retail service stations, 58 distribution terminals and 54 airport terminals supplying aviation fuel. Following the formation of the Joint Venture on June 1, 2011, we are currently among the three largest Brazilian fuel distributors, with approximately 24% market share in Brazil in terms of volume of fuel sold in the twelve months ended December 31, 2013, according to Sindicom.

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Raízen Combustíveis Highlights	As of and for Nine-Month Period Ended December 31, 2012		As of and for Fiscal Year Ended March 31,	
	2013	(unaudited)	2013	2012
Service stations	4,860	4,600	4,700	4,600
Fuel sold (billion liters)	17.9	16.7	22.0	18.5
Ethanol sales (R\$ million)	2,330.2	1,743.6	2,401.6	2,117.9
Gasoline sales (R\$ million)	14,829.1	13,282.0	17,688.8	14,674.4
Diesel sales (R\$ million)	16,261.7	13,380.6	17,844.4	14,051.4
Jet Fuel sales (R\$ million)	3,724.6	3,726.8	5,003.9	3,632.0
Other Products (R\$ million)	434.9	452.1	593.5	603.3
Other services (R\$ million)	-	-	-	16.9
Net sales (R\$ million) (1)	37,580.6	32,585.1	43,532.2	35,096.1

(1) Raízen Combustíveis is accounted for under the equity method, and therefore, Net Sales are not consolidated in the Company's statement of profit or loss and other comprehensive income. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

Currently, Raízen Combustíveis and its competitors purchase all or nearly all oil-derivative fuels from Petrobras under a formal supply contract that establishes the volume and the terms for supply. The contract is renewed periodically and the volume contracted for is based on the volume purchased in the previous year. There have been no significant interruptions in the supply of fuels from Petrobras to the distributors.

Ethanol is sourced from various third party suppliers and from Raízen Energia as well. The prices of ethanol supplied are generally determined by the ESALQ index. The prices of oil-derivative fuels supplied to us by Petrobras generally vary according to international oil prices, however Petrobras often delays passing on variations in market oil prices to its customers, thereby smoothing out some of the volatility of oil price changes experienced in international markets.

All of our fuel distribution operations are in the domestic Brazilian market. Our operations are not subject to significant seasonality; however, the price of hydrous ethanol at the pump is typically more volatile than the prices of gasoline or diesel, as a result of the seasonality of the sugarcane harvest and the limited storage facilities for ethanol in Brazil. This in turn impacts the proportion of our revenue mix that is derived from either gasoline or ethanol throughout the year, as consumers who own flex fuel vehicles switch between the two fuels according to the relative price of each.

As hydrous ethanol is less energy intense than gasoline, consumers will usually only switch to ethanol if the price is significantly lower than gasoline. When hydrous ethanol is retailed at 70% of the price of gasoline, the two fuels are considered to be at price parity with each other. At a level below 70%, the demand for ethanol will significantly increase at the expense of gasoline.

We supply aviation fuel at 54 airports across Brazil, including at the major hubs of Congonhas and Guarulhos airports in São Paulo, and Brasília airport in the Federal District, to Brazilian and foreign airlines.

Regulation

The National Agency of Petroleum, Natural Gas and Biofuels, or ANP, is responsible for the control, supervision and implementation of the government's oil, gas and biofuel policies. The ANP regulates all aspects of the production, distribution and sale of oil products in Brazil, including product quality standards and minimum storage capacities

required to be maintained by distributors and is also responsible for establishing the limits of oil-based fuel volume purchased by distributors based on their storage capacity.

Environmental health and safety standards. Fuel distributors are subject to Brazilian federal, state and municipal laws and regulations relating to environmental protection, safety and occupational health and safety licensing by fire departments and transport authorities. The National Environmental Council (Conselho Nacional do Meio Ambiente), or CONAMA, is the principal government body responsible for approving environmental licensing. Environmental state agencies and municipal departments are also

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responsible for establishing and supervising complementary laws and regulations within their areas of operation.

Fuel distributors must obtain authorizations and/or licenses from federal, state and/or municipal environmental agencies and fire departments to implement and operate their facilities. They are required to develop programs to control air and water pollution and hazardous waste.

Raízen Energia (Sugar, Ethanol and Cogeneration)

Overview

Raízen Energia, our upstream Joint Venture company whose core business is the production and sale of a variety of products derived from sugarcane, including raw sugar (Very High Polarization, or VHP), anhydrous and hydrous ethanol, as well as activities related to energy cogeneration from sugarcane bagasse and ethanol trading. Raízen Energia operates 24 sugar, ethanol and energy cogeneration mills, with a current crushing capacity of 66 million tons of sugarcane per year.

Raízen Energia Highlights	As of and for Nine-Month Period Ended December 31,		As of and for Fiscal Year Ended March 31,	
	2013	2012 (unaudited)	2013	2012
Crushed sugarcane (million tons)	61.4	56.2	56.2	52.9
Sugar volume sold (thousand tons)	3,277.1	3,037.1	4,229.8	3,987.5
Ethanol volume sold (million liters)	1,828.5	1,415.4	2,322.8	2,215.6
Energy sold (MWh)	2,110.8	2,981.1	3,034.8	1,491.3
Net sugar sales (R\$ million) (*)	3,127.6	3,177.3	4,354.0	3,912.8
Domestic market	669,5	700.9	899.2	1,217.4
Foreign market	2,458.1	2,476.4	3,454.8	2,695.4
Net ethanol sales (R\$ million) (*)	3,143.3	2,190.0	3,299.9	2,871.5
Domestic market	1,715.4	799.4	1,328.4	2,245.1
Foreign market	1,427.8	1,390.6	1,971.5	626.4
Net energy cogeneration sales (R\$ million) (*)	376.6	556.6	569.7	235.1
Other products and services (R\$ million) (*)	202.9	193.9	244.5	228.0
Raízen Energia net operating revenue (R\$ million) (*)	6,850.4	6,117.9	8,468.2	7,247.4

(*) Raízen Energia is accounted for under the equity method; therefore, Net Sales are not consolidated in the Company's statement of profit or loss and other comprehensive income. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

Our production is based on sugarcane, the most competitive and viable feedstock for sugar and ethanol because of its low production cost and high energy efficiency ratio relative to other energy sources, such as corn and sugar beet. Sugarcane is our principal raw material. It is a tropical grass that grows best in locations with stable warm temperatures and high humidity, although cold and dry winters are an important factor for the sucrose concentration of sugarcane. The climatic conditions of the central-south region of Brazil are ideal for growing sugarcane.

Raízen Energia's sugarcane production is sourced from leased lands, as well as from third-party suppliers. The following table compares the amount of sugarcane grown on owned or leased land with the amount purchased from third parties during the transition period and last two fiscal years.

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	As of and for Nine-Month Period Ended				For Fiscal Year Ended March 31,			
	2013	%	December 31, 2012 (unaudited)	%	2013	%	2012	%
	(millions of tons, except percentages)							
Sugarcane harvested from owned	30.4	49.5	28.3	50.4	28.3	50.3	26.5	50.1
Sugarcane purchased from third-parties	31.0	50.5	27.9	49.6	27.9	49.7	26.4	49.9
Total	61.4	100	56.2	100	56.2	100	52.9	100

In accordance with the land lease contracts, we pay the lessors a certain fixed number of tons of sugarcane per hectare as consideration for the use of the land, and a certain fixed productivity per tonne of sugarcane in terms of TSR. The overall volume of TSR is obtained by multiplying the number of hectares leased by the committed tons of sugarcane per hectare by the TSR per tonne of sugarcane. The price that we pay for each kilogram of TSR is set by CONSECANA (Conselho dos Produtores de Cana-de-açúcar, Açúcar e Álcool do Estado de São Paulo). The price that we pay to third-party sugarcane growers is based on the total amount of sugar content in the sugarcane, measured by the amount of sugar recovered and on the prices of ethanol and sugar sold by each mill.

Our mills have the capacity to crush 66 million tons of sugarcane per year and in the transition period 2013, we crushed 61.4 million tons of sugarcane, or approximately 10.2% of Brazil's central-south region total sugarcane production. For further information on our sugarcane mills see "Item 4. Information on the Company—D. Property, Plant and Equipment." The mills that are prepared to produce both sugar and ethanol can typically adjust their proportion of output from anywhere between 55% sugar and 45% ethanol to 45% sugar and 55% ethanol. We track the current and future prices of each product relative to the other, as well as forecasts of global output volumes of each product, to decide on the production mix to be set across our mills in order to maximize our sales revenue. All of our mills are energy self-sufficient from burning sugarcane bagasse at very high temperatures in boilers, to heat water that is transformed into steam. Eleven of our mills generate surplus electrical energy that we sell to the Brazilian energy grid.

Raízen Energia is subject to the seasonality of the annual sugarcane harvesting period in the central-south region of Brazil, which begins in April or May and ends in November or December. This creates fluctuations in our inventory, usually peaking in December to cover sales between crop harvest (i.e., January through March), and a degree of seasonality in our gross profit.

We produce and sell a wide variety of standard sugars, including raw sugar (also known as VHP – Very High Polarized sugar), crystal sugar and organic sugar, and refined sugars, including granulated refined white sugar, amorphous refined sugar, refined sucrose liquid sugar and refined inverted liquid sugar.

Standard sugars. VHP sugar, a raw sugar with approximately 99% sucrose content, is similar to the type of sugar traded in major commodities exchanges, including through the standard NY11 contract. The main difference between VHP sugar and the sugar that is typically traded in the major commodities exchanges is the sugar content of VHP sugar and the price premium that VHP sugar commands in comparison to most sugar traded in the commodities exchanges. We export VHP sugar in bulk, to be refined at its final destination. We also sell a small amount of VHP sugar to the Brazilian market. Crystal sugar is a non-refined sugar produced directly from sugarcane juice and sold to industrial companies in Brazil to be used as an ingredient for food products. We also sell a small amount of crystal sugar to the Brazilian retail market and to export markets. Organic sugar is a kind of raw sugar produced from organic sugarcane and is not submitted to any chemical treatments during its manufacturing process. We sell organic sugar in the international and Brazilian markets.

Refined sugars. We refine VHP sugar and crystal sugar into both granulated and amorphous (non-crystallized) sugar. We sell refined sugar in the Brazilian and export retail and industrial markets. Refined sugar is used as an ingredient in processed food products such as milk and chocolate powders, bakery products, powder refreshments, and pharmaceutical syrups.

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Liquid sugars. We refine crystal sugar to produce sucrose liquid sugar and inverted liquid sugar, which has a higher percentage of glucose and fructose than sucrose liquid sugar. We sell both types of sugar for industrial use, mainly for the production of soft drinks.

We sell sugar to a wide range of customers in Brazil and in the international markets. Our customers in Brazil include Docelar, which was previously held by Cosan and sold to Camil on October 24, 2012, and food manufacturers, for which we primarily sell refined and liquid sugar. We primarily sell raw sugar in the international markets through international commodities trading firms and Brazilian trading companies. In the nine-month period ended December 31, 2013 we exported 76.2%, by volume, of the sugar we sold. Rumo Logística handles most of the transportation by rail and logistics of our sugar exports to their sugar loading terminal at the Port of Santos.

Prices for raw sugar are established in accordance with the NY11 futures contracts. Prices for refined sugar are established in accordance with the London# 5 futures contract, traded on the LIFFE. Prices for sugar we sell in Brazil are set in accordance with Brazilian market prices, using an index calculated by the ESALQ.

We produce and sell three different types of ethanol: hydrous ethanol and anhydrous ethanol for fuel and industrial ethanol. The primary type of ethanol consumed in Brazil is hydrous ethanol, which is used as an alternative to gasoline for flex fuel vehicles (as opposed to anhydrous ethanol which is used as an additive to gasoline). As a result, hydrous ethanol represented approximately 48.5% in transition period 2013 and 43.8% of our ethanol production in transition period 2012. Our sales are mainly to fuel distributors in Brazil, of which the three largest are Petrobras Distribuidora S.A., Raízen Combustíveis S.A. and Cia. Brasileira de Petróleo Ipiranga. We also sell industrial alcohol, which is used in the chemical and pharmaceutical sectors. In the nine-month period ended December 31, 2013, our largest ethanol customer was Raízen Combustíveis. In the nine-month period ended December 31, 2013, we exported 24.7%, by volume, of the ethanol we sold. Our main export customers are trading companies which distribute our products mainly to the United States, Japan and Europe. Our exports are conducted through TEAS, an ethanol loading terminal at the Port of Santos.

Ethanol Production Process

We produce ethanol through a chemical process called yeasting, which is a process of fermenting the sugars contained in both sugarcane juice and molasses. Initially, we process the sugarcane used in ethanol production the same way that we process sugarcane for sugar production. The molasses resulting from this process is mixed with clear juice and then with yeast in tanks, and the by-product resulting from the yeasting process, called “yeasted wine,” has an ethanol content of approximately 7% to 9%. After the yeasting process, which takes approximately 10 hours, the yeasted wine is centrifuged, so that we can separate the yeast from the liquid. We use the separated yeast in the ethanol production process. We then boil the yeasted wine at different temperatures, which causes the ethanol to separate from other liquids. Hydrous ethanol is produced after different distillation stages. In order to produce anhydrous ethanol, hydrous ethanol undergoes a dehydration process. The liquid remaining after these processes is called vinasse, a by-product we use as fertilizer in our sugarcane fields. After the distillation and dehydration processes, we produce hydrous, anhydrous, neutral and industrial ethanol, and store the ethanol in large tanks.

The ethanol production flow can be summarized as follows:

- Preparation of the juice. The fermentation is fed with a juice composed of approximately 20% of sugar, which is prepared with juice (from the treatment), molasses (from sugar production) and water. This juice must be cooled to approximately 30°C.
- Fermentation. The fermentation of the juice is the result of the action of yeast, which firstly inverts the sucrose to glucose and fructose (monosaccharide), and then converts the monosaccharide into ethanol and carbon dioxide. This

reaction occurs in a fermenter, which is fed with juice and yeast.

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- Centrifuging. After the fermentation, the resulting product is carried to centrifuges that separate the yeast from the beer, a solution of approximately 9%v/v (oGL) of ethanol.
- Treatment of the yeast. The yeast that comes from the centrifuges is treated with sulfuric acid and returned to the fermenter tank to be utilized again.
- Distillation. The beer is distilled in a sequence of distillation columns, which separate the water from the ethanol. This process occurs basically due to the differences of ethanol's and water's ebullition temperatures. In order to produce hydrous ethanol, two columns are used to achieve the concentration of 94%v/v (oGL) ethanol. From the first column, a slop called vinasse is obtained, which is used as a fertilizer in the sugarcane fields.
- Dehydration. In order to produce anhydrous ethanol, two more columns are used to achieve the concentration of 99%v/v (oGL) ethanol. In the first column, the excess of water is separated with the aid of cycle-hexane.

Ethanol Production Capacity and Output

Our current annual ethanol production capacity is approximately 2.6 billion liters. We were the largest producer of ethanol in Brazil in the nine-month period ended December 31, 2013, producing 2.0 billion liters of ethanol, representing 7.6% of the total ethanol production in Brazil's central-south region, according to UNICA. We are one of the largest exporters of ethanol in the world, having sold R\$3.1 billion including trading in the domestic and foreign markets, exported 0.9 billion liters in the transition period ended December 31, 2013, and exported 1.2 billion liters in the fiscal year ended March 31, 2013.

Cogeneration

Raízen Energia, is one of the world's largest producers of energy from sugarcane bagasse. We currently have an installed energy capacity of 934 MW per year from our 24 mills, of which 13 mills sold its excess energy to the grid and on the spot market. We view our cogeneration business as strategic since it generally allows for a stable cash flow stream across commodity cycles, helping to reduce the volatility of our cash flows and operations.

Energy Cogeneration Highlights:	As of and for Nine-Month Period Ended December 31,		As of and for Fiscal Year Ended March 31,	
	2013	2012 (unaudited)	2013	2012
Energy sold (MWh)	2,110.8	2,981.1	3,034.8	1,491.3
Net sales (R\$ million) (*)	376.5	556.6	569.7	235.1

(*) Raízen Energia is accounted for under the equity method, therefore, Net Sales are not consolidated in the Company's statement of profit or loss and other comprehensive income. See more details in "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

Alternative sources of electricity, such as cogeneration from sugarcane bagasse, have become increasingly important within the Brazilian hydro-dependent energy matrix, particularly because the harvest period for sugarcane coincides with generally drier periods for hydraulic energy the nine-month period ended December 31, 2013 and, when the overall energy supply is, therefore, more constricted. We are self-sufficient for our energy needs. Our main customers, besides the energy sold to the Brazilian grid, are utility companies, which together accounted for approximately 40% of our cogeneration sales in the nine-month period ended December 31, 2013. We sold our remaining excess electric energy through energy auctions. In the fiscal years ended December 31, 2013 we sold 1,960.7 MWh of energy to third

parties.

Regulation

Raízen Energia is subject to various Brazilian federal, state and municipal environmental protection and health and safety laws and regulations governing, among other things, the generation, storage, handling, use, transportation and discharge of hazardous materials into the ground, air and water as well as regulation concerning electricity generation.

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Permits. Certain environmental laws require us to obtain from governmental authorities permits, licenses and authorizations to install and operate our mills, to burn sugarcane and to perform other operations.

We are subject to the regulations of the pollution control and remediation agencies of three Brazilian states:

- Environmental Company of the state of São Paulo (Companhia Ambiental do Estado de São Paulo), or CETESB;
 - Environmental Agency of the state of Goiás (Agência Goiana do Meio Ambiente), or AGMA;
- Environmental Institute of the state of Mato Grosso do Sul (Instituto de Meio Ambiente do Mato Grosso do Sul), or IMASUL.

Environmental Licensing of Raízen: We operate mills, a port facility and numerous warehouses. All mills have environmental operating licenses. The National Environmental Council (Conselho Nacional do Meio Ambiente), or CONAMA, is the principal government body responsible for approving environmental licensing.

Sugarcane Burning: The state of São Paulo and certain municipal governments have established laws and regulations that limit our ability to burn sugarcane or that reduce and/or eliminate the burning of sugarcane entirely. We have voluntarily signed the Agro-Environmental Sugar Cane Protocol, which establishes accelerated deadlines for the reduction of sugarcane burning.

Brazilian Forestry Code: We are subject to the Brazilian Forestry Code, which prohibits land use in certain permanently protected areas, and obligates us to maintain and register a forestry reserve in each of our rural landholdings covering at least 20% of the total area of such land.

Environmental Proceedings: We are party to a number of administrative and judicial proceedings for alleged failure to comply with environmental laws and regulations. Non-compliance with environmental law is subject to administrative, civil and/or criminal sanctions.

Electricity Regulation: The Brazilian power industry is regulated by National Electric Energy Agency – ANEEL, an independent federal regulatory agency, in accordance with the general guidelines set forth by the Ministry of Mines and Energy, or MME. To perform generation activities, we must obtain authorizations granted by ANEEL or execute concession agreements with the Federal Government through ANEEL. The activities related to generation and commercialization of electricity performed by Raízen Energia are subject to ANEEL's supervision. Law No. 9,427 dated December 26, 1996, as amended, enacted by the Brazilian Government and supplemented by ANEEL's regulation, governs the imposition of sanctions against the agents of the electricity sector based on the nature and importance of the breach (including warnings, fines, temporary suspension from the right to participate in bidding procedures for new concessions, licenses or authorizations and forfeiture). For each breach, the fines can be up to 2.0% of the revenue of the concessionaire in the 12-month period preceding any assessment notice or, for independent producers or self-producers (authorized agents), the estimated amount of energy produced in the same period. Some infractions that may result in fines relate to the failure of the agent to request ANEEL's approval, including the following (pursuant to ANEEL Resolution No. 63/2004, as amended from time to time):

- entering into certain related party transactions;
- sale or assignment of the assets related to services rendered as well as the imposition of any encumbrance (including any security, bond, guarantee, pledge and mortgage) on them or any other assets related to the concession or the revenues of the electricity services;

- changes in controlling interest of the holder of the authorization or concession; and
- non-compliance with the schedule for the beginning of the commercial operation of the power plant, as previously approved by the ANEEL through the relevant contract.

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Comgás (Natural Gas Distribution)

Overview

Comgás is Brazil's largest distributor of piped natural gas, with a network reaching over nine thousand kilometers and delivering natural gas to more than one million residential, commercial and industrial consumers in over 70 cities. The Comgás concession area covers approximately 27% of Brazil's gross domestic product, including 177 municipalities in the metropolitan regions of São Paulo, Campinas and Santos as well as the Paraíba Valley.

We are the largest natural gas distributor in Brazil, with approximately 22% market share in Brazil in terms of volume of fuel sold in 2013, according to ABEGAS. We believe the prospects for future availability of natural gas in Brazil are positive based on expected exploration of carbon deposits discovered in the pre-salt layer offshore of Brazil's coast.

Comgás Highlights	As of and for Nine-Month Period		As of and for Fiscal Year	
	Ended December 31, (1) 2013	2012 (unaudited)	Ended March 31, (1) 2013	2012
Natural gas sold (million cbm)	4,089.9	4,071.1	5,456.9	5,258.6
Net sales (R\$ million)	4,888.9	4,159.2	6,336.6	5,279.6

(1) These amounts derive from Comgás financial statements for the year ended December 31, 2013 and 2012, considering 12 months, and include amounts prior to the date which Comgás' results of operations started to be consolidated into the Company's results of operations. Since the acquisition of Comgás was on November 5, 2012 net sales for the period of five months are recorded in the Company's income statement for the fiscal year ended March 31, 2013 as discussed in "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

Regulation

The National Agency of Petroleum, Natural Gas and Biofuels, or ANP, is responsible for the control, supervision and implementation of the government's oil, gas and biofuel policies. The ANP regulates all aspects of the production, distribution and sale of oil products in Brazil, including product quality standards and minimum storage capacities required to be maintained by distributors and is also responsible for establishing the limits of oil-based fuel volume purchased by distributors based on their storage capacity.

In addition to the regulation by ANP, Comgás' activities are also supervised and regulated by ARSESP, with which it maintains continuous dialogue through its directorate for Regulatory and Institutional Affairs, in order to enhance or formulate industry policies. In light of the approach shown by regulators in recent years, Comgás does not believe that there will be any sudden changes that may affect its business.

Lubricants

Cosan Lubrificantes is responsible for the manufacturing and distribution of passenger vehicle lubricants, commercial vehicle lubricants, industrial lubricants and special application products such as greases, cutting oils and car care products under the Mobil and Comma brands in Brazil, Bolivia, Uruguay, Paraguay, and in specific sales channels in the United Kingdom and Asia.

Lubricants Highlights:	As of and for Nine-Month Period	As of and for Fiscal Year
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	Ended December 31,		Ended March 31,	
	2013	2012	2013	2012
		(unaudited)		
Volume of lubricants sold (thousand liters)	243.1	214.0	286.6	216.7
Net sales (R\$ million)	1,185.2	1,059.8	1,417.5	1,037.7

We have a wholly-owned lubricants oil blending plant, located in Rio de Janeiro, with an annual production capacity of 1.7 million barrels of lubricants per year, and a pier facility that allows us to import

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base stocks. We produce over 600 different lubricants, and purchase more than 400 raw materials, including basic oils and additives.

We sell our lubricants products, mainly through distributors and direct sales to industrial customers, as well as to wholesale customer accounts and car and motorcycle dealerships. We also produce and sell lubricants for customers such as Toyota, John Deere, Caterpillar, Honda and SKF.

We have exclusive distribution rights for Mobil brand products in Bolivia, Paraguay and Uruguay following the purchase of ExxonMobil's lubricant distribution business in these three countries in 2011.

In July 2012, we acquired Comma Oil and Chemicals Limited, which reinforced our strategy to enter into the European lubricants and specialties markets. As a result, we acquired finished lubricants and the manufacture and sale of chemicals to third parties, all of Comma's assets at the Gravesend site in Kent, England, as well as ownership of Comma's trademarks and brand names. In addition, agreements will be in place to allow Comma to continue to distribute select Mobil-brand lubricants into specific sales channels in the United Kingdom and to continue to manufacture and distribute a range of seasonal and ancillary automotive products to ExxonMobil.

Our lubricants business is not subject to significant seasonality. However a significant proportion of our raw material purchases are invoiced in U.S. dollars and we hedge part of our shipments of base oils against variations in exchange rates.

Regulation

CLE is subject to substantially the same regulation by the same regulatory bodies that our fuel distribution business, Raízen Combustíveis, is subject to. See “—Raízen Combustíveis (Fuel Distribution).”

Rumo (Logistics)

Overview

Our logistics operations are operated through Rumo, which offers an integrated logistics solution to agricultural commodity producers located in the central-south of Brazil by transporting produce from the mills and depots by truck or rail to be loaded and stored in our port facility at the Port of Santos. Rumo also offers warehousing services.

Rumo Highlights:	As of and for Nine-Month Period Ended December 31,		As of and for Fiscal Year Ended March 31,	
	2013	2012 (unaudited)	2013	2012
Port elevation volume (thousand tons)	7,049.1	6,437.6	8,565.6	7,759.2
Transportation sales (R\$ million)	597.5	420.9	549.4	413.4
Loading sales (R\$ million)	138.2	113.4	150.0	141.0
Other sales (R\$ million)	13.6	10.1	13.3	17.6
Net sales (R\$ million)	749.4	544.4	712.8	572.0

Rumo has a long-term agreement with América Latina Logística S.A., or ALL, a railroad concession operator which manages the main railroads between the sugar producing areas of the central-south region of Brazil and the Port of Santos. This agreement provides for the exclusive transportation of raw sugar and other sugar derivatives and the expansion of ALL's rail transport capacity through investments in ALL's rail network.

Rumo is the concessionaire of two bulk port terminals at the Port of Santos, which, on a combined basis, is one of the largest bulk port terminals in the world, with a current annual combined loading capacity of 14 million tons, having loaded 7.0 million tons in the nine-month period ended December 31, 2013. We are currently investing in this port terminal to add an additional wharf to increase its capacity from the present capacity of 14 million tons to 19 million tons by 2016. After this expansion, we estimate this port terminal will have the capacity to support 70% of the volume exported by the sugar producers of the central-south region of Brazil. The terminal also has the capacity to store approximately 550,000 tons of

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sugar. The port facility serves clients, including Raízen Energia, EDF&Man, Sucden, Bunge, Coimex, Cargill, Louis Dreyfus Commodities and Noble among others, in the transport and export of sugar and soy products. Pursuant to the Port Concession Agreement with the state of São Paulo's Port Authority, the concession granted to operate initiated in 2016 and extended to 2036.

Rumo is subject to the seasonality that influences the sugarcane harvest. During the peak months of the sugarcane harvest, there is higher demand for transport and logistics operations. Rumo is also subject to the risk that sugarcane mills may change their production mix in favor of ethanol if the relative prices of the two products swing that way. This could reduce the demand for sugar logistics and transport.

Regulation

The Brazilian constitution provides that the federal government, directly or by delegation to third parties, shall exploit port activities in Brazil. In 2001, the National Waterway Transportation Agency (Agência Nacional de Transportes Aquaviários), or ANTAQ was created in order to regulate the Brazilian port industry and to enter into the relevant concession and adherence agreements regarding the provision of port services.

Until December 6, 2012, the Port Sector was governed by Federal Law 8,630, dated February 25, 1993 (the "Ports Modernization Law"), which provided the legal framework applicable to the exploration of the organized ports and the ports installations in Brazil. In view of the need to improve the applicable legislation, the Brazilian Federal Government launched Provisional Measure No. 595/2012 (Medida Provisória nº 595/2012) or MP 595/2012 that expressly revoked the Ports Modernization Law and established a new legal framework to the Port Sector in Brazil.

Before the enactment of the Ports Modernization Law, most of the port terminals were exploited by the government. The Ports Modernization Law was enacted to enable the participation of private investors in the Brazilian port industry by the creation of different port terminal exploitation models: public and private.

The Ports Modernization Law assured to any private party the right to construct, reform, expand, improve, lease and operate a public port terminal located within the "organized port area", which are designated areas where ports must serve the public interest and the need for port service, subject to an authorization from the relevant authority. The development of port activities in an organized port area should be preceded by a competitive bidding process and the execution of a concession agreement with the federal government.

In the case of Rumo, the Docks Company of the state of São Paulo (Companhia Docas do Estado de São Paulo), or CODESP, granted us the right to exploit public terminals at the Port of Santos. The respective concessions agreements are dated as from 1996 and 2001. Accordingly, such agreements are governed by the Ports Modernization Law.

Rumo was qualified as a port operator under the Port Modernization Law and is, currently, subject primarily to the regulation of CODESP, which acts under the regulation of ANTAQ.

Public ports are governed by MP 595/2012 and by specific regulations that are still to be published by the Government in order to complement the provisions of MP 595/2012. MP 595/2012 does not provide for the need of adjustments of the terms of any concession agreements in force, requiring adjustments to be made only if both parties intend to extend the agreement. As a result, until new regulation provides otherwise, the concession agreements entered into by and between CODESP and us shall not be amended in order to adjust its terms to MP 595/2012.

Through our agreement with ALL, we are indirectly subject to the regulation of the National Land Transport Agency (Agência Nacional de Transportes Terrestres) or ANTT, which is responsible for monitoring road and rail transport operations and the federal concessions of road and rail infrastructure in Brazil.

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Radar (Agricultural Land Development)

Our agricultural land development operations are run through Radar, a company focused on maximizing earnings from agricultural real estate assets by leveraging our unique market intelligence to acquire rural properties with high expected appreciation potential for subsequent leasing or resale. Since its founding in 2008, Radar has invested R\$1.4 billion in land, which has been leased for sugarcane, soybean, corn and cotton farming. Radar currently manages approximately 232,000 hectares of land in the states of São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Maranhão, Bahia and Piauí. Radar recorded R\$54.8 million in revenues for the nine-month transition period ended December 31, 2013.

On July 14, 2012, we began consolidating the financial information of our subsidiary Radar Propriedades Agrícolas S.A. The consolidation was a result in the change in Radar's bylaws and shareholders' agreement and as a result we report a new business line in our financial information that was previously recognized by equity accounting.

In addition, during the second half of 2012, we contributed 23,100 hectares of agricultural land with a market value of R\$551.4 million to Radar for the strategic alignment of our activities and as a result, we increased our direct and indirect stake in Radar's capital stock from 18.9% to 37.7%. We hold an option to subscribe additional common shares of Radar, corresponding to an additional interest in its capital stock equal to up to 20% of the shares we hold in Radar immediately before the exercise (subtracted of shares issued as a result of stock options granted by Radar). The subscription option is exercisable upon the occurrence of certain conditions. The option may be entirely or partially exercised by us, on a single occasion, until September 9, 2018.

Regulation

Radar is subject to various Brazilian federal, state and municipal environmental protection and real estate laws and regulations governing, among other things, the acquisition, lease and disposal of farmland investments.

Permits: Certain environmental laws require the tenants of Radar's properties to obtain permits, licenses and approvals from governmental authorities in order to conduct agricultural activities and operate storage facilities. Although Radar is a real estate investor, there is nonetheless an effect on Radar's revenues from tenants who are unable to or who are required to obtain the appropriate licenses and approvals in order to use the land.

We are subject to regulations by the following principal governmental agencies:

- **Instituto Nacional de Colonização e Reforma Agrária or INCRA:** Responsible for regulating the ownership of agricultural properties. This agency monitors the operation of the agricultural properties.
- **Georeferencing Process:** Georeferencing is an important procedure, necessary for registering any title of an acquired agricultural property. This procedure must be approved by INCRA and eliminates risks of overlap in property titles. INCRA is the primary regulator for approving georeferencing for any agricultural properties in the country.
- **Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis, or IBAMA:** is a regulator, responsible for environmental licenses relating to operations.
- **Local environmental agencies:** The Secretarias de Meio Ambiente Estaduais (State Secretaries of the Environment), Secretaria do Meio Ambiente or SEMA – MT, Secretaria do Meio Ambiente or SMA and Instituto do Meio Ambiente e Recursos Hídricos or INEMA.

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Land Ownership: The Constitution defines land ownership rights for companies and Radar's business is subject such rights.

- Brazilian Forestry Code: We are subject to the Brazilian Forestry Code, which prohibits land use in certain permanently protected areas, and obliges us to maintain and register a forestry reserve in

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each of our rural landholdings covering at least 20% of the total area of such land. The responsibility of maintaining the legal reserve and permanent preservation areas are both the land owner's (Radar) and the land operator's responsibilities (tenants).

Competition

Fuel Distribution

In the fuel distribution business, we are subject to competition, both from companies in the industries in which we operate and from companies in other industries that produce similar products. Our competitors include service stations of large integrated oil companies, independent gasoline service stations, convenience stores, fast food stores, and other similar retail outlets, some of which are well-recognized national or regional retail systems. The Brazilian fuel distribution industry has consolidated significantly in recent years, with the five major distributors increasing their combined market share from 65.2% in 2000 to 99.5% in 2013. The top-four distributors in Brazil are: Petrobras, operating through the BR Distribuidora brand, Ultrapar S.A., through the Ipiranga and Texaco brands, Raízen, through Shell and AleSat Combustíveis S.A., a domestic Brazilian fuel distribution company. The principal competitive factors affecting the retail marketing operations include site location, product price, selection and quality, site appearance and cleanliness, hours of operation, store safety, customer loyalty and brand recognition. We believe that we are in a strong position to compete effectively on ethanol due to the synergies that further integration with Shell will bring.

We also face competition from international ethanol producers that use other ethanol sources, such as corn and sugar beet for the generation of fuel ethanol.

Sugar, Ethanol and Cogeneration

The sugar industry in Brazil has experienced increased consolidation through merger and acquisition activity during the past decade. Most of this activity has involved companies and facilities located in the central-south region of Brazil, one of the most productive sugar producing regions in the world. Despite this recent wave of consolidation, the industry remains highly fragmented with more than 300 sugar mills and 100 company groups participating.

We also face competition from international sugar producers. We are the largest sugar producer in Brazil and one of the largest sugar producers in the world with 4.5 million tons of sugar produced in the 2013/2014 harvest, compared to British Sugar (1.2 million tons of sugar produced in the 2011/2012 harvest) and Südzucker AG of Germany (with 4.9 million tons of sugar produced in 2012/2013 harvest). These producers, however, are the beneficiaries of considerable governmental subsidies in their principal sales markets.

Natural Gas

Comgás' concession area covers approximately 27% of Brazil's gross domestic product, including 177 municipalities in the metropolitan regions of São Paulo, Campinas and Santos as well as the Paraíba Valley. Comgás distributes natural gas for residential, commercial and industrial customers, and also supplies gas for use as fuel for vehicles and electricity generation. For the residential and commercial customers, Comgás holds exclusivity rights within its area of concession. For industrial customers, Comgás has exclusive distribution rights until 2029. Comgás faces competition from electricity concessionaires, oil and ethanol producers in its activities.

Logistics

Since its creation, Rumo, our logistics Company, has always been committed to excellence and efficiency of its operations, which allowed it, in just five years, to become one of the global leaders in logistics for sugar export. Rumo invested more than R\$1.5 billion for sugar to be predominantly transported by rail, instead of by road freight. To do this project, Rumo has an exclusive agreement with ALL - América Latina Logistics, for its rail network to transport sugar from the countryside to our terminals in Port of Santos. As part of the agreement, Rumo has provided ALL with funds to invest in doubling the

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capacity of the railroad between the city of Sumaré and the top of the Serra do Mar, before the descent to the Port of Santos.

In the Brazilian rail transport market, participators act as logistics operators in their regions, according to public concessions granted by ANTT (the Brazilian Transport Regulatory Agency), which act as barriers to entry for new competitors, as the concession to operate in a region is granted to only one operator. There are no parallel railways with different operators, therefore the main competitors in this market utilize road transport, since they can compete for the same cargo transported by the railroad, and the best conditions for the client determine the mode of transportation to be used.

Research and Development

Our principal research and development activities are currently concentrated in the following key areas:

We engage CanaVialis S.A., or CanaVialis, to provide us with access to its sugarcane genetic improvement program specifically tailored to Raízen Energia's mills. CanaVialis, which is a subsidiary of Monsanto, is Brazil's only privately-owned firm focused on the genetic improvement of sugarcane. We benefit from their support services and use of their biofactory (the largest in Brazil), which allows us to decrease the amount of time required for seedling production and grant us access to new, improved sugarcane varieties through their genetic improvement program. CanaVialis also conducts field trials and region-specific genetic selection programs to develop sugarcane varieties for our greenfield projects where we are building new sugarcane mills.

Raízen also invests in innovation in the ethanol manufacturing process. Raízen has a 16.3% stake in Codexis and in Shell's commercialization rights of Iogen Energy. The two companies - Codexis and Iogen – conduct research into advanced fuels, including ethanol extracted from the cellulose of sugarcane and other plants.

We conduct research and development into renewable base oils through Novvi S.A., a joint venture between Cosan and Amyris formed in 2011. Novvi was established for the worldwide development, production and commercialization of renewable base oils made from Biofene, Amyris' renewable farnesene.

C. Organizational Structure

We are an integrated energy and infrastructure company and, when considered together with the Joint Venture, a Brazilian market leader in fuel distribution, sugar and ethanol production, natural gas distribution and logistics. Our main operations include: (1) the distribution of fuels in the Brazilian market through Raízen Combustíveis, our downstream Joint Venture company; (2) the production and sale of sugar and ethanol and the cogeneration of electricity from sugarcane bagasse through Raízen Energia, our upstream Joint Venture company; (3) piped natural gas distribution in the state of São Paulo through our recently acquired subsidiary Comgás; (4) the manufacturing and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, and in the European and Asian market under the Comma brand; (5) providing logistics services for the transportation of sugar, including truck and rail transportation, as well as port loading services through our subsidiary Rumo; and (6) the purchase, leasing and sale of agricultural land through our subsidiary Radar.

A list of the Company's subsidiaries is included in note 3 of our audited consolidated financial statements for transition period of December 31, 2013 and fiscal years ended March 31, 2013 and March 31, 2012. See also Exhibit 8.1 to this transition report.

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Up until the adoption of IFRS11 – Joint Arrangements (“IFRS 11”), these investments were accounted for using the proportional consolidation method. Upon the adoption of IFRS 11 in the transition period ended December 31, 2013, these investments are accounted for under the equity method. The Joint Venture consists of three separate legal entities:

- **Raízen Energia S.A.:** a sugar and ethanol company, which, among other things, conducts the production of sugar and ethanol, as well as all cogeneration activities. Cosan and its subsidiaries and Shell and its affiliates each own 50% common equity interest in this entity. In addition, Cosan and its subsidiaries own 50% plus one share of the voting shares (and preferred shares bearing preferential dividend rights in certain circumstances), whereas Shell and its affiliates own 50% minus one of this entity’s voting shares.
- **Raízen Combustíveis S.A.:** a downstream company, which conducts the supply, distribution and sale of fuels in Brazil. The resulting company has a network of approximately 4,860 fuel stations throughout Brazil. Cosan and its subsidiaries and Shell and its affiliates likewise each own 50% common equity interest in this entity. In this entity, however, Cosan and its subsidiaries own 50% minus one of the voting shares, whereas Shell and its affiliates own 50% plus one of the voting shares. Cosan and its subsidiaries and Shell and its affiliates also hold preferred shares bearing preferential dividend rights in certain circumstances if certain contingent targets are met.
- **Raízen S.A.:** a management company, which is the Joint Venture’s face to the market and facilitates the building of a unified corporate culture. Cosan and its subsidiaries and Shell and its affiliates each own 50% of the equity and voting interests in this company.

D. Property, Plant and Equipment

For more information related to property, plant and equipment see note 17 of our audited consolidated financial statements for the nine-month period ended December 31, 2013 and fiscal years 2013 and 2012.

We present a summary below of our material tangible fixed assets, including investment properties and intangible assets (concessions), by segment:

Raízen Combustíveis

Raízen Combustíveis distributes fuels through 58 distribution terminals to approximately 4,860 service stations throughout Brazil under the Shell brand and also has 54 airport terminals supplying aviation fuel.

Raízen Energia

Raízen Energia operates 24 mills with a crushing capacity of 66 million tons and 934 MW of annual generation capacity. All of these facilities are located in the central and southeastern regions of Brazil, which is one of the world’s most productive sugarcane regions, primarily because of its favorable soil, topography and climate, nearby research and development organizations and logistics infrastructure.

Comgás

Comgás is Brazil’s largest natural gas distributor with a pipeline network of over 9,000 thousand kilometers, supplying natural gas to over one million residential, commercial and industrial consumers in 70 cities. Its concession area accounts for approximately 27% of Brazil’s gross domestic product, covering 177 municipalities in the metropolitan regions of São Paulo, Campinas, Santos and the Paraíba Valley.

Cosan Lubricants

Cosan Lubricants has a production plant located on the Ilha do Governador, Rio de Janeiro, with a production capacity of 1.4 million barrels of lubricants per year, storage capacity for base oils and lubricants (195,000 barrels) and a pier facility for docking ships of up to 20,000 tons.

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Rumo

Rumo's logistic operation moves sugar from mills located in the south-central regions of Brazil to the port of Santos using 929 railcars and 50 locomotives. Rumo takes the sugar from the mills using trucks and loads it into railcars at one of its five trans-shipment terminals strategically located in the interior of the state of São Paulo for transportation to the port of Santos. Rumo's facilities at the port include two berths and ten discharging grids capable of loading 14 million tons of sugar and other grains annually making it one of the largest sugar terminals in the world.

Radar

Radar is one of the largest private landowners in Brazil, with a portfolio of approximately 107 thousand hectares of agricultural land (approximately 265 thousand acres) appraised to be worth R\$2.6 billion as of December 31, 2013.

Capital Expenditures

Our capital expenditure program is currently focused on the following areas:

Raízen Energia

Brownfield Projects

Raízen has brownfield projects under review until the 2017/18 harvest on mills totaling R\$1.6 billion which we estimate will expand our annual sugarcane crushing capacity by the 2017/2018 harvest:

Mill	Estimated completion date	Current crushing capacity	Future crushing capacity	Increase	Investments (in million of reais)
		(in million tons per year)			
Caarapó	2014	2.3	4.4	2.1	388.0
Paraalcool	2015	1.1	2.6	1.5	259.7
				3.6	647.7

Logum - ethanol pipeline

Logum Logística S.A. is the company responsible for construction and operation of the Ethanol System Logistics (logistics, loading, unloading, handling and storage, operation of ports and terminals and inland waterway) that involve multimodal transport: pipelines, waterways (barges), highways (tankers) and coastal (vessels). With major investments, Logum will cross 45 municipalities, linking the main ethanol producing regions in the states of São Paulo, Minas Gerais, Goiás and Mato Grosso do Sul to the main points of storage and distribution in Paulínia (upstate São Paulo). Part of this integrated system will consist of a long distance runner, of about 1,300 km (880 miles), which will connect the regions of Jataí (state of Goiás) and Paulínia (state of São Paulo). The estimated investment for construction is R\$7.0 billion (mostly financed through BNDES) and the first phase of the project (Ribeirão – Paulínia) started operating in 2013. The expected annual capacity is 21 billion liters of ethanol.

Raízen owns 20% of Logum along with five other companies as follows: Copersucar (20%), Odebrecht (20%), Petrobras (20%), Camargo Correa (10%) and Uniduto (10%). Raízen Energia holds a 46,5% equity interest in Uniduto.

Comgás

Comgás has been investing in its network expansion and in the nine-month period ended December 31, 2013, invested R\$ 678 million, of which approximately 63% was earmarked for programs to expand the distribution network to previously untapped regions. In 2014, we expect to invest approximately R\$780 million (in the twelve-month period), of which approximately 65% is associated with expansion programs and approximately 35% is related to network support investments in order to reinforce, restore and renovate the existing distribution network.

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Rumo

Railway

Rumo Logística is investing to duplicate the rail network from Itirapina to the Santos Port and increase railway capacity. From April to December 2013 Rumo invested R\$ 98.3 million in this project.

Santos Port

In order to increase elevation capacity at the Port terminal, Rumo is building the cover of the south terminal berth to be able to keep it operating under rain. The total CAPEX for this project is estimated at R\$ 88.0 million and expected to be operational by the 1st half of 2015. Rumo invested R\$ 6,6 million in this project in the nine-month period ended December 31, 2013.

To optimize the railway discharging operation Rumo has built a high-capacity facility that will be able to discharge 18 railcars per hour. The equipment is already operating and consumed R\$ 24.3 million in 2013 out of a total investment of R\$ 49.7 million.

For other expansion projects and maintenance at the Port Rumo invested R\$ 54.8 million in 2013.

Transshipment centers

In the transshipment centers (Sumaré, Itirapina, Jaú,) Rumo invested a total amount of R\$ 14.1 million in 2013.

Radar

Radar is continuously investing in agricultural land and has made total investments of R\$1.4 billion in land purchases since 2008. The company has a current land portfolio of approximately 107 thousand hectares (approximately 265 thousand acres) appraised to be worth R\$2.6 billion as of December 31, 2013.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of December 31, 2013 and March 31, 2013 and 2012 and for the nine-month period ended December 31, 2013 and years ended March 31, 2013 and 2012, which is included in this transition report, as well as with the information presented under the sections entitled “Presentation of Financial and Other Information” and “Item 3. Key Information—Selected Financial Information.”

We are also presenting the unaudited consolidated statement of profit and loss for the nine-month period ended December 31, 2012, which is presented solely for the purpose of providing meaningful comparison with the transition period ended December 31, 2013. This is derived from our interim financial information adjusted for the impact of retrospectively adopting IFRS11.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including

those set forth in “Forward-Looking Statements” and “Item 3. Key Information—D. Risk Factors.”

The following discussion and analysis of our financial condition and results of operations presents the following:

- a brief overview of our company and the principal factors that influence our results of operations, financial condition and liquidity;
- a review of our financial presentation and accounting policies, including our critical accounting policies;

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- a discussion of the principal factors that influence our results of operations;
- a discussion of developments since the end of fiscal year 2013 that may materially affect our results of operations, financial condition and liquidity;
- a discussion of our results of operations for the transition period ended December 31, 2013 compared to the nine-month period ended December 31, 2012 (unaudited), and a discussion of the fiscal year ended March 31, 2013 compared to fiscal year ended March 31, 2012;
- a discussion of our liquidity and capital resources, including our working capital at December 31, 2013, our cash flows for the transition period ended December 31, 2013 and the year ended March 31, 2013, and our material short-term and long-term indebtedness at December 31, 2013; and
- a discussion of our contractual commitments.

Financial Presentation and Accounting Policies

Presentation of Financial Statements

The discussion in this section is based on our audited consolidated financial statements for the transition period ended December 31, 2013 and the fiscal years ended March 31, 2013 and 2012. We use IFRS as issued by the IASB for financial reporting purposes. Our audited consolidated financial statements include the financial statements of Cosan Limited and its subsidiaries. Investments in entities in which the Company does not have control but either jointly controls or has significant influence over managing the business, are accounted for using the equity method. The results of operations of Raízen Energia and Raízen Combustíveis, our Joint Ventures, are accounted for using the equity method, under IFRS 11 – Joint Arrangements, which was adopted by the Company in the transition period ended December 31, 2013, and applied retrospectively. For further details on the impacts of adopting IFRS 11, see note 4 of our financial statements. Intercompany accounts and transactions are eliminated upon consolidation.

The discussion in this section is based in the transition Fiscal Year Ended December 31, 2013 compared to the Unaudited nine ended December 31, 2012 and based in the fiscal years ended December 31, 2013 and March 31, 2012.

Business Segments and Presentation of Segment Financial Data

The Company presents seven reportable segments:

- (1) Raízen Energia, production and marketing of a variety of products derived from sugar cane, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment holds interests in companies engaged in research and development on new technology.
- (2) Raízen Combustíveis, distribution and marketing of fuels, mainly through a franchised network of service stations under the brand "Shell" and "Esso" throughout Brazil;
- (3) Rumo, logistics services for transportation, storage and port handling, mainly for sugar products;
- (4) Radar, purchase, sale and leasing of agricultural land for the farming of sugarcane, soybean, corn and cotton;
- (5) Comgás, distribution of piped natural gas under a concession covering part of the State of São Paulo;

(6) Lubricants, the manufacturing and distribution of lubricants; and

(7) Cosan's others business, other investments, in addition to the corporate activities of the Company.

Following the adoption of IFRS 11 – Joint Arrangements, as of April 1, 2013 Cosan no longer proportionally consolidates Raízen Energia and Raízen Combustíveis in its consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and consolidated

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cash flows, and the result from these businesses are accounted for under the line item “Equity in income of jointly controlled entity” in our consolidated statement of profit or loss and other comprehensive income.

For this, the presentation of financial segment data for fiscal year 2012 has been reclassified in accordance with IFRS 5 in regard of our sugar retail business, Cosan Alimentos, was previously reported as a separate segment, and now is presented as discontinued operations. Segment information is basically prepared in accordance with IFRS as issued by the IASB, except that the Company’s senior management continues to review segment information of 100% of the results of Raízen Energia and Raízen Combustíveis, even though as a result of the adoption of IFRS 11, the Company accounts for these investments under the equity method. A reconciliation of these segments to the Company’s financial information is presented in note 5 to the consolidated financial statements for the nine-month period ended December 31, 2013 and fiscal years ended March 31, 2013 and 2012.

Critical Accounting Policies and Estimates

The preparation of the Company’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses at the end of the reporting period. Actual results may differ from these estimates. Such estimates and underlying assumptions are reviewed on an ongoing basis and changes are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included as follows:

Business combinations. When the Company has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities, it is accounted for as a subsidiary and consolidated into the financial statements. We consider we have control over Radar, without owning majority of the common shares, as Cosan’s rights under the Shareholders’ Agreement provides Cosan with the ability to direct all relevant activities of Radar and have a majority say in the key financial and operating decisions of Radar. In addition, the vast majority of the rights of the non-controlling shareholders were considered protective in nature. Cosan is also able to appoint a majority of the members of the Board of Directors and has outstanding warrants against the non-controlling shareholders which are currently exercisable and enable Cosan the ability to purchase an additional 20% participation in Radar.

Property, plant and equipment and intangible assets, including Goodwill. Depreciation and amortization of intangible assets and property, plant and equipment is based on estimated useful lives. In addition, the determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination or arising from the formation of a Joint Venture is a significant estimate.

The Company annually performs a review of impairment indicators for intangible assets and property, plant and equipment. Also, an annual impairment test is undertaken for goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. For further detail see notes 16 and 17 of our consolidated financial statements attached hereto.

Deferred tax and social contribution. A deferred tax asset is recognized for loss carryforwards to the extent that it is probable that future taxable income will be generated to use such losses. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and the level of future taxable income together with tax planning options.

Other non-current asset. The Company has recognized a receivable in relation to a lawsuit filed against the Federal Government, claiming indemnification due to price controls, which receipt is virtually certain, as the Supreme Court

passed final judgment and the Federal Government is unable to appeal. For further detail see note 22 of our consolidated financial statements attached hereto.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included below:

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Trade receivables - Estimate of receivable from contract under arbitration. The Company is a defendant in legal action initiated by América Latina Logística (“ALL”), a supplier of rail transport and lessee of rolling stock, in relation to the investment and transportation contracts entered into in 2009. The Company has requested arbitration to enforce its contractual rights and for ALL to comply with the terms of the agreements. Services for rail transport continue to be provided by ALL.

The amounts recorded as revenue and as a receivable are for the services provided under the terms of the contract, and represent management’s best estimate of the inflow of economic benefit, and backed by guarantees provided by ALL. However, the result of the arbitration may be a settlement that is materially higher or lower than the amounts recorded in the financial statements as trade receivables.

Fair value of derivatives and other financial instruments. When the fair value of financial assets and liabilities recorded in the consolidated financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in determining fair values. Judgment is required in the determination of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions on these factors could affect the reported fair value of financial instruments.

Pension and other post-employment benefit plans. The cost of defined benefit pension plans and other post-employment and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves the use of various assumptions which may differ from actual results in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by management at each reporting date.

Share-based payments. Cosan S.A. measures employees’ share-based compensation cost by reference to the fair value of the shares at the grant date. The estimation of fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the plan. This estimate also requires determining the most appropriate inputs to the valuation model including the assumption of the expected life of the stock option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34.

Provisions for legal proceedings recognized on business combination transactions. Provisions for legal proceedings resulting from business combinations are estimated at fair value. Contingent consideration payables resulting from business combinations are estimated at fair value, with changes in fair value recognized in profit or loss.

Principal Factors Affecting Our Results of Operations

In addition to the factors that are described in “Item 4. Information on the Company—B. Business Overview,” our results of operations have been influenced and will continue to be influenced by the following key factors:

Acquisitions, Partnerships and Corporate Restructurings

Our strategy is to be a leading Brazilian group in the energy and infrastructure businesses, for this reason, since May 2004, we have expanded our operations primarily through acquisitions, partnerships and corporate restructurings. We have also diversified into other operations to become a vertically integrated energy and infrastructure company. As a result, our net sales and gross profit have increased significantly.

Sugar

The profitability of our sugar products is principally affected by fluctuations in the international price of raw sugar and in the real/dollar exchange rate. International raw sugar prices are determined based on the New York Board of Trade Futures Contract No. 11, or “NY11.” Refined sugar trades at a premium to raw sugar, known as the “white premium,” and its price is determined based on the London International

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Financial Futures and Options Exchange Contract No. 5, or “LIFFE No. 5.” Prices are affected by the perceived and actual supply and demand for sugar and its substitute products. The supply of sugar is affected by weather conditions, governmental trade policies and regulations and the amount of sugarcane and sugar beet planted by farmers, including substitution by farmers of other agricultural commodities for sugarcane or sugar beet. Demand is affected by growth in worldwide consumption of sugar and the prices of substitute sugar products. From time to time, imbalances may occur between overall sugarcane and sugar beet processing capacity, sugarcane and sugar beet supply and the demand for sugar products. Prices of sugar products are also affected by these imbalances, which, in turn, impact our decisions regarding whether and when to purchase, store or process sugarcane, to produce sugar or whether to produce more ethanol.

The table below sets forth the prices for raw sugar NY11 for the periods indicated:

	SugarNY11 (US\$/lb)			
	For the Nine-Month		For Fiscal Year Ended	
	Period Ended		March 31,	
	December	December	March 31,	March 31,
	31, 2013	31, 2012	2013	2012
Initial quote	0.1959	0.2325	0.2458	0.2744
Closing quote	0.1705	0.2034	0.1766	0.2471
Daily average quote	0.1802	0.2111	0.2007	0.2563
Monthly average quote	0.1789	0.2092	0.2005	0.2542
High quote	0.1959	0.2325	0.2458	0.3134
Low quote	0.1659	0.1970	0.1766	0.2047

Source: NYBOT; prices from the 1st Generic Future.

Ethanol

Our ethanol products are affected by domestic Brazilian and international prices of ethanol, competition, governmental policies and regulations and market demand for ethanol as an alternative or additive to gasoline. The price for ethanol we sell in Brazil is set in accordance with market prices, using indices published by the Agriculture School of the University of São Paulo (Escola Superior de Agricultura Luiz de Queiroz—ESALQ) and BM&FBOVESPA as a reference. Prices for ethanol we export are set based on international market prices, including the New York Board of Trade’s recently-launched ethanol futures contract. Prices for the industrial alcohol and bottled alcohol products we sell are also set based on market prices and have been historically higher than market prices for ethanol.

The table below sets forth the prices for hydrous ethanol in the Brazilian market for the periods indicated:

	Hydrous Ethanol ESALQ (US\$/thousand liters)			
	For the Nine-Month		For Fiscal Year	
	Period		Ended	
	December	December	March 31,	March 31,
	31, 2013	31, 2012	2013	2012
Initial quote	603.00	663.10	663.10	890.30
Closing quote	541.90	553.80	597.00	667.40
Daily average quote	529.01	540.99	555.91	705.80
Monthly average quote	530.26	542.34	556.50	703.07
High quote	649.80	663.10	663.10	922.80

Low quote	452.50	494.90	494.90	597.50
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Source: ESALQ.

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The table below sets forth the prices for anhydrous ethanol in the Brazilian market for the periods indicated:

	Anhydrous Ethanol ESALQ (US\$/thousand liters)			
	For the Nine-Month Period Ended		For Fiscal Year Ended	
	December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Initial quote	663.00	705.90	705.90	1,219.70
Closing quote	616.40	651.10	663.40	709.40
Daily average quote	601.83	625.19	636.37	840.11
Monthly average quote	602.51	625.69	636.57	832.68
High quote	698.50	705.90	705.90	1,726.50
Low quote	508.80	545.80	545.80	666.00

Source: ESALQ.

The following table sets forth our average selling prices (in R\$ per thousand liters) for ethanol in the export market for the periods indicated:

	Ethanol (R\$/thousand liters)			
	For the Nine-Month Period Ended		For Fiscal Year Ended	
	December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Average Unitary Price	1.298	1.653	1.627	1.406

Source: Cosan/Raízen.

Demand for Fuels

Demand for gasoline, ethanol and diesel is susceptible to volatility related to the level of economic activity in Brazil and may also fluctuate depending on the performance of specific industries in the Brazilian market. We expect that a decrease in economic activity would adversely affect demand for fuels.

Currency Fluctuations

A significant proportion of the sales of sugar of Raízen Energia, a significant proportion of natural gas purchase of Comgás, and a significant proportion of the base oil purchases of CLE are conducted in U.S. dollars. Therefore a depreciation of the real against the U.S. dollar would have the effect of increasing our sales in Raízen Energia, and increasing our costs of sales in Comgás and CLE. An appreciation of the real against the U.S. dollar would have the opposite effect.

A significant proportion of our debt is denominated in U.S. dollars. A depreciation of the real against the U.S. dollar would increase our debt burden and our related financial expenses. However, we have receivables and other financial assets denominated in U.S. dollars, which would partially offset the impact that a depreciation of the real would have on our financial position. An appreciation of the real against the U.S. dollar would have the opposite effect.

Seasonality

Raízen Energia is subject to seasonal trends based on the sugarcane growing cycle in the Center-South region of Brazil. The annual sugarcane harvesting period in south-central region of Brazil begins in April / May and ends in November / December. This creates variations in inventory, which is usually high in November to cover sales between harvest (i.e. from December to April) and a degree of seasonality in gross profit from sales of ethanol and sugar significantly lower in the quarter ending December 31. This seasonality also impacts our sugar logistics segment, Rumo, by concentrating demand for transport to the Port of Santos during the peak months of the sugarcane harvest. None of our other business segments are subject to significant seasonal trends.

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Inflation

Inflation rates in Brazil were 5.9% in 2010, 6.5% in 2011, 5.8% in 2012 and 5.9% in 2013 as measured by the Broad Consumer Price Index (Índice Nacional de Preços ao Consumidor Ampliado), or IPCA, published by the Brazilian Institute for Geography and Statistics (Instituto Brasileiro de Geografia e Estatística), or IBGE. Inflation affects our financial performance by increasing certain of our operating expenses denominated in reais (and not linked to the U.S. dollar). These operating expenses include labor costs, leases, and selling and general administrative expenses. However, inflation did not have a material impact on our business for the periods presented.

Other Factors

Other factors that will impact the results of our operations include:

- Hedging transactions (as discussed under “Hedging Transactions and Exposures”);
- Trade barriers in U.S., European and other markets that currently limit access to their domestic sugar industry through quotas, subsidies and restrictions on imports;
- The evolving use of ethanol derivatives as an alternative to oil derivatives and as a cleaner-burning fuel, derived from renewable sources;
 - The use of ethanol as a cleaner-burning fuel, derived from renewable sources;
- Changes in international prices of oil (denominated in U.S. dollars) and related changes in the domestic prices of oil (denominated in reais);
- The growth rate of the global economy and its resulting corresponding growth in worldwide sugar consumption;
- The growth rate of Brazil’s gross domestic product, which impacts the demand for our products and, consequently, our sales volume in Brazil; and
- The tax policies adopted by the Brazilian federal government and the governments of the Brazilian states in which we operate, and our resulting tax obligation.

Cost Structure

Our cost structure for Raízen Energia may be divided into costs that are linked to the prices of our products and costs that are not linked to the prices of our products. Two of our principal cost components, raw materials and land leases, are linked to the prices of our products. Accordingly, we adjust the prices of our products to follow fluctuations in the cost of our raw materials and leased land, substantially minimizing the impact of this cost volatility on our results of operations. In addition, another relevant portion of our costs is represented by agricultural and industrial inputs, some of which are imported and which are also subject to price fluctuations primarily as a result of exchange rate variations. As 5% of our net sales are derived from exports, a portion of fluctuations in the costs of these inputs is offset by similar fluctuations in our Brazilian and international prices, minimizing the impact of this cost volatility on our results of operations.

Our cost structure for Rumo is affected by fixed and variable costs. Costs related to our property, plant & equipment incur fixed depreciation charges, which increase in line with our capital expenditure. Costs relating to the transportation of sugar and other commodities are partially dependent on sales volumes.

Our cost structure for Comgás is affected by fixed and variable costs. Costs related to our property, plant & equipment incur fixed depreciation charges which increase in line with our capital expenditure. Costs relating to the natural gas resource, costs relating to transportation and other gas services are affected by volumes sold.

Our cost structure for other segments Lubricants and Radar are affected by the cost of imported base oil imported and additives for lubricants, and the cost of sales of land.

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Hedging Transactions and Exposures

Raízen Energia hedges part of the future price risk of its sugar production estimated to be exported and exchange rate derivative transactions, using future contracts, options and swaps.

Raízen Energia's hedging strategy seeks to protect it from cash flow risks caused by commodities price and exchange rates fluctuations and as most of the derivative instruments have been designated for hedge accounting, Raízen Energia has not experienced material gains or losses in their financial results.

See note 32 of our consolidated financial statements attached hereto for further information.

A. Operating Results

The following discussion of our results of operations is based on the financial information derived from our audited consolidated financial statements prepared in accordance with IFRS as issued by the IASB, unless otherwise stated. In the following discussion, references to increases or decreases in any year are made by comparison with the corresponding prior year, as applicable, except as the context otherwise indicates. The discussion of our results of operations is for the transition period ended December 31, 2013 compared to the nine-month period ended December 31, 2012 (unaudited), and a discussion of the fiscal year ended March 31, 2013 compared to fiscal year ended March 31, 2012.

The change in the various components consists of the following:

Transition Period Ended December 31, 2013 Compared to Unaudited Nine-Month Period Ended December 31, 2012

Consolidated Results

The following table sets forth our consolidated income statement for the transition period ended December 31, 2013 and nine-month period ended December 31, 2012 (unaudited):

	As of and for Nine-Month Period Ended December 31,			
	2013	2012 (unaudited)	% Variation	
	(in millions of reais, except percentages)			
Consolidated Income Statement				
Net sales	6,878.2	2,597.0	165	%
Cost of goods sold	(4,878.2)	(1,825.9)	167	%
Gross profit	2,000.0	771.1	159	%
Selling expenses	(604.0)	(261.0)	131	%
General and administrative expenses	(467.0)	(280.5)	66	%
Other, net	76.3	101.9	(25))%
Gain on the de-recognition of subsidiaries to form the JVs	—	—	0	%
Operations income / (expenses)	(994.6)	(439.5)	126	%
Income before financial results, equity income of associates and income taxes	1,005.4	331.6	203	%
Equity income of associates	5.5	71.9	(92))%
Equity income of jointly controlled entities	242.0	389.3	(38))%

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Financial results, net	(713.7)	(243.3)	(193)%
Profit before income taxes	539.2	549.5	(2)%
Income taxes (Current)	(130.0)	(72.3)	80 %
Income taxes (Deferred)	90.8	85.2	7 %
Total income taxes	(39.2)	12.9	(405)%

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Profit from continuing operations	500.0	562.4	(11))%
Profit from discontinued operations, net of tax	—	142.3	(100))%
Net income for the year	500.0	704.6	(29))%
Net income attributable to non-controlling interests	377.4	368.9	2	%
Net income attributable to owners of the Company	122.6	335.7	(63))%

Net Sales

We report net sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI (a federal value-added tax assessed on our gross sales in the Brazilian market at rates that vary by product) and INSS (federal social contribution taxes assessed on our gross sales in the Brazilian market of our agribusiness entities at a rate of 2.85%). Deductions from gross sales in the Brazilian domestic market, which are subject to these taxes, are significantly greater than our deductions from gross sales in export markets.

The table below presents a breakdown of our net sales for the transition period ended December 31, 2013 and nine-month period ended December 31, 2012 (unaudited):

	As of and for Nine-Month Period ended December 31,			
	2013	2012	%	
	(unaudited)		Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	6,850.4	6,117.9	12	%
Sugar	3,127.6	3,177.3	(2))%
Ethanol	3,143.3	2,190.0	44	%
Cogeneration	376.6	556.6	(32))%
Other	202.9	193.9	5	%
Raízen Combustíveis (1)	37,580.6	32,585.1	15	%
Fuel	37,553.2	32,574.5	15	%
Other	27.4	10.6	158	%
Rumo	749.4	544.4	38	%
Port handling	138.2	113.4	22	%
Logistics	597.5	420.9	42	%
Other	13.6	10.1	35	%
Radar (2)	54.7	36.5	50	%
Property sale	5.7	4.7	21	%
Land lease	49.0	31.8	54	%
Comgás (3)	4,888.9	951.2	414	%
Industrial	3,065.6	589.0	420	%
Residential	522.6	89.1	486	%
Thermo generation	212.1	64.0	232	%
Cogeneration	187.5	44.3	323	%
Automotive	151.2	32.5	365	%
Commercial	186.9	35.6	425	%

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Construction revenue	536.5	94.9	465	%
Other	26.5	1.8	1382	%
Lubricants	1,185.2	1,059.8	12	%
Lubricants (CLE)	1,040.2	928.9	12	%
Basic Oil	137.3	130.9	5	%
Other	7.7	-	100	%

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	As of and for Nine-Month Period ended December 31,			
	2013	2012	% Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	6,850.4	6,117.9	12	%
Cosan's other business	0.0	5.1	(99))%
IFRS 11 – Deconsolidated and eliminations (1)	(44,431.0)	(38,703.0)	14	%
<u>Net sales</u>	<u>6,878.2</u>	<u>2,597.0</u>	<u>165</u>	<u>%</u>

(1) Includes 100% of these entities' net sales which upon the application of IFRS 11, results of these investments is recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income for the nine months ended December 31, 2013 and fiscal years ended March 31, 2013 and 2012.

(2) Segment created from the gain control on the Radar and its subsidiaries in July 14, 2012.

(3) Segment created from the acquisition of Comgás in November 5, 2012.

The change in the various components consists of the following:

Raízen Energia

Raízen Energia's sales in the transition period ended December 31, 2013 increased from R\$6,117.9 million, or 12%, to R\$6,850.4 million, as compared to the previous period, primarily due to increased sales volumes of sugar by 8% and offset by a decrease in the average sugar sales price by 9%, and increased sales volumes of ethanol by 42% partially offset by a decrease in the average sales price by 21%.

Raízen Combustíveis

Raízen Combustíveis' sales in the transition period ended December 31, 2013 increased from R\$32,585.1 million, or 15%, to R\$37,580.6 million, as compared to the previous the period, primarily due to increased sales volume by 8% and due to the increase of average sales prices of 7%.

Rumo (Logistics)

Rumo's sales in the transition period ended December 31, 2013 increased by R\$205.0 million, or 38%, to R\$749.4 million, as compared to the previous period, primarily due to increased transportation volume.

Revenue from transportation increased by R\$176.6 million, or 42%, to R\$597.5 million, primarily as a result of the increased sugar volumes transported by 19%, and due to the increase of average prices by 19% and adjustments to maintain contractual balance in rail transportation together with ALL, Rumo's partner in transportation.

Loading sales revenue increased by R\$24.8 million, or 22%, to R\$138.2 million in the nine-month period ended December 31, 2013, as compared to the previous period, due to an increase in volume to 7,049.1 thousand tonnes in the transition period ended December 31, 2013, representing an increase of 9% as compared to the period ended December 31, 2012.

Radar

Radar's revenues derived from investments in agricultural properties and the leasing of land in Brazilian rural markets totaled R\$54.7 million in the transition period December 31, 2013. This represented a 50% increase as compared to the previous period, mainly due to the prior period only including six months of results of operations as the segment was created as a result of the gain of control of Radar in July, 2012.

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Comgás

Comgás' revenues in the transition period ended December 31, 2013 amounted to R\$4,888.9 million, representing the results of its activities of distribution and trading of natural gas in the concession region of the state of São Paulo, an increase of 414% as compared to the nine-month period ended December 31, 2012, mainly due to the fact that Comgás business was acquired in November 2012, therefore, the nine-month period ended December 31, 2012 only include two months of the results of operations of Comgás subsequent to the acquisition.

Lubricants

Our Lubricants businesses comprise of our lubricants and specialties business and other operations.

The net revenue of Lubricants was R\$1,185.2 million in the nine-month period ended December 31, 2013 resulting in an increase of 12% compared to the nine-month period ended December 31, 2012, primarily due to increased basic oil volume. Sales volume increased 14% in the nine-month period ended December 31, 2013, to 243.1 million liters, which was partially offset by a 2% decrease in the average sales price.

Cost of Sales and Services

Cost of Sales and Services	As of and for Nine-Month Period Ended December 31,			
	2013	2012	%	
		(unaudited)	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(5,590.0)	(4,791.0)	17	%
Raízen Combustíveis (1)	(35,664.6)	(30,847.4)	16	%
Rumo	(447.4)	(325.4)	38	%
Radar	(6.1)	(1.7)	248	%
Comgás	(3,524.2)	(705.9)	399	%
Lubricants	(900.5)	(792.8)	14	%
Cosan's other business	-	-	0	%
IFRS 11 – Deconsolidated and eliminations (1)	41,254.6	35,638.6	16	%
<u>Cost of sales and services</u>	<u>(4,878.2)</u>	<u>(1,825.9)</u>	<u>167</u>	<u>%</u>

(1) Includes 100% of these entities' net sales which upon the application of IFRS 11, results of these investments is recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income for the nine months ended December 31, 2013 and fiscal years ended March 31, 2013 and 2012.

Our total cost of sales and services increased by 167% to R\$4,878.2 billion during the transition period ended December 31, 2013, from R\$1,825.9 billion during the nine-month period ended December 31, 2012 due to the factors described below.

Raízen Energia

The cost of Raízen Energia sales in the nine-month period ended December 31, 2013 increased 17%, to R\$5,590.0 million, as compared to the period ended December 31, 2012, due mainly to the increase of the sales volume of sugar by 8% and ethanol sale volume of 42%.

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Raízen Combustíveis

The cost of Raízen Combustíveis sales in the nine-month period ended December 31, 2013 increased 16%, to R\$35,664.6 million, as compared to the period ended December 31, 2012, due to the increase of gasoline and diesel average cost by 4% and 11% respectively.

Rumo (Logistics)

The cost of Rumo's services provided in the nine-month period ended December 31, 2013 increased 38%, to R\$447.4 million, as compared to the period ended December 31, 2012, due to an increase in volumes transported of 19%, also causing an increase in the dilution of fixed costs.

Radar

Radar's costs of sales and services totaled R\$6.1 million in the nine-month period ended December 31, 2013 an increase of 248% as compared to the period ended December 31, 2012, due to the increase of land sales, and as a result of the comparative period only including six months of results of operations as the segment was created upon the gain of control of Radar in July, 2012.

Comgás

Comgás' costs of sales and services, which corresponds to the cost of gas, transportation and construction activity on the gas distribution infrastructure under concession, totaled R\$3,524.2 million in the nine-month period ended December 31, 2013 an increase of 399% as compared to the period ended December 31, 2012, due mainly to the segment being created in November 2012 and therefore the comparative period only including 2 months of results of operations.

Lubricants

The cost of Lubricants sales totaled R\$900.5 million in the nine-month period ended December 31, 2013, an increase of 14% as compared to the nine-month period ended December 31, 2012, mainly due to increased sales volumes of lubricants by 14%.

Selling Expenses

Selling expenses are primarily related to transportation costs, including freight and shipping costs for ethanol, sugar, fuel and lubricant sold in Brazil and exported, as well as storage and loading expenses of ethanol and sugar for export at our and third parties' port facilities. The major portion of our sales of ethanol in Brazil is sold at the mill to distribution companies, and therefore there are no shipping costs. CLE's lubricant marketing expenses, as well as fuel storage expenses, are also included as selling expenses.

As of and for Nine-Month Period Ended December 31,		
2013	2012	%
		(unaudited) Variation
(in millions of reais, except percentages)		

Raízen Energia (1)	(474.1)	(442.1)	7	%
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Raízen Combustíveis (1)	(808.1)	(761.1)	6	%
Comgás	(422.4)	(108.2)	290	%
Lubricants	(181.5)	(152.7)	19	%
IFRS 11 – Deconsolidated and eliminations (1)	1,282.2	1,203.2	7	%
Selling expenses	(604.0)	(262.0)	131	%

(1)Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

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Comgás

Selling expenses increased by 131% to R\$604.0 million during the transition period ended December 31, 2013 from R\$261.0 million during the period ended December 31, 2012, due to the factors described below.

Raízen Energia

Raízen Energia' selling expenses increased by R\$474.1 million, or 7%, in the transition period ended December 31, 2013 as compared to the period ended December 31, 2012, to R\$442.1 million, due primarily to logistics expenses and freight cost increase due to higher sales volume mainly by the increase of the sales volume of sugar by 8% and ethanol sale volume increase of 42%.

Raízen Combustíveis

Raízen Combustíveis' selling expenses increased by R\$808.1 million, or 6%, in the transition period ended December 31, 2013 as compared to the period ended December 31, 2012, to R\$761.1 million, due primarily to freight cost increase due to higher sales volume by 7%.

Comgás

Comgás' selling expenses increased by R\$422.4 million, or 290%, in the transition period ended December 31, 2013 as compared to the period ended December 31, 2012, to R\$108.2 million, due primarily to Comgás acquisition in November 2012 and therefore the comparative period only including 2 months of results of operations.

Lubricants

Selling expenses increased 19% in the transition period ended December 31, 2013, to R\$181.5 million, as compared to R\$152.7 million in the period ended December 31, 2012, due primarily to the expansion in the lubricants commercial operations and to higher sales volume.

General and Administrative Expenses

	As of and for Nine-Month Period Ended December 31,			
	2013	2012	%	
		(unaudited)	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(411.6)	(354.9)	16	%
Raízen Combustíveis (1)	(285.9)	(269.0)	6	%
Rumo	(57.6)	(41.4)	39	%
Radar	(18.4)	(10.1)	82	%
Comgás	(239.3)	(57.2)	318	%
Lubricants	(52.6)	(51.9)	1	%
Cosan's other business	(99.2)	(119.8)	(17))%
IFRS 11 – Deconsolidated and eliminations (1)	697.5	623.9	12	%
General and administrative expenses	(466.9)	(280.5)	66	%

(1)Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

Comgás

General and administrative expenses consist of salaries and benefits paid to employees, taxes, expenses related to third-party services, rentals and other expenses. Our total general and administrative expenses increased by 66% to R\$466.9 million during the transition period ended December 31, 2013 from R\$280.5 million during the period ended December 31, 2012, due to the factors described below.

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Raízen Energia

General and administrative expenses totaled R\$411.6 million in the transition period ended December 31, 2013, an increase of 16% compared to the period ended December 31, 2012, mainly due to the litigation costs.

Raízen Combustíveis

General and administrative expenses totaled R\$285.9 million in the transition period ended December 31, 2013, an increase of 6% compared to the period ended December 31, 2012, maintaining a continuity with the compared period.

Rumo

General and administrative expenses totaled R\$57.6 million in the transition period ended December 31, 2013, an increase of 39% compared to the period ended December 31, 2012. This increase in expenses was largely due to the administration structure adequacy in reason to the new growth projects and higher sales volume.

Radar

General and administrative expenses totaled R\$18.4 million in the transition period ended December 31, 2013, for Radar businesses that were consolidated in July 2012.

Comgás

General and administrative expenses totaled R\$239.3 million in the transition period ended December 31, 2013, for Comgás, businesses that were consolidated in November 2012.

Lubricants

General and administrative expenses totaled R\$52.6 million in the transition period ended December 31, 2013, an increase of 1% when compared to the period ended December 31, 2012, due principally to the expansion in the lubricants operations.

Other Income, Net

Other income, net comprises other income and expenses. Other income, net decreased from R\$101.9 million in the period ended December 31, 2012 to R\$76.3 million in the transition period ended December 31, 2013, principally reflecting the result of Cosan's other business due to the disposal of assets related to the distribution of aviation fuel infrastructure.

Equity Income of Associates

Equity income of associates includes our interests in Tellus Brasil 5.1%, Novvi Limited 50%, Vertical 50% and other investments. Equity income decreased to R\$5.5 million in the transition period ended December 31, 2013 from R\$71.9 million in the period ended December 31, 2012.

Equity Income of Jointly Controlled Entity

Equity income of jointly controlled entities includes our 50% interests in Raízen Energia and Raízen Combustíveis. Equity income decreased to R\$242.0 million in the transition period ended December 31, 2013 from R\$389.3 million

in the period ended December 31, 2012, as a result of the factors explained in detail above for the segments Raízen Energia and Raízen Combustíveis, which are not consolidated into our financial statements but equity accounted for, in accordance with IFRS 11.

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Financial Results, Net

Financial results, net in the nine-month period ended December 31, 2013 totaled a net financial expense of R\$713.7 million compared with net financial expense of R\$243.3 million in the period ended December 31, 2012, an increase of R\$470.4 million, or 193%.

	As of and for Nine-Month Period Ended December 31, 2013 2012 (unaudited)	
	(in millions of reais)	
Financial expenses	(804.6)	(343.3)
Financial income	179.9	119.3
Foreign exchange variation, net	(324.5)	(96.0)
Derivatives, net	235.5	76.7
	(713.7)	(243.3)

Financial Expenses. Our financial expenses primarily consist of: (1) accrued interest on our indebtedness; (2) losses on monetary variation related to our financial investments; and (3) fees, commissions and other charges paid to financial institutions.

Financial expenses in the nine-month period ended December 31, 2013 totaled R\$804.6 million, as compared to R\$343.3 million in the period ended December 31, 2012.

Expenses of debt charges, net of financial investments yields, represented an increase of 134%, when compared to the period ended December 31, 2012, mainly due to greater average indebtedness. The increase was mainly attributable to increased debt charges related to indebtedness assumed to undertake the acquisition of Comgás in November 2012.

Financial Income. Our financial income consists primarily of: (1) gains on monetary variation related to our financial investments; (2) income from financial investments; and (3) financial income related to compensation awarded in a legal proceeding against the Brazilian federal government.

Financial income during the transition period ended December 31, 2013 totaled R\$179.9 million, compared to financial income of R\$119.3 million during the period ended December 31, 2012, due to the increase of income on financial investments.

Foreign exchange variation, net. Foreign exchange variation, net resulted in a loss of R\$324.5 million in the transition period ended December 31, 2013 compared to a net loss of R\$96.0 million in the period ended December 31, 2012. The negative effects from exchange variation occurred due to the depreciation of the real against the U.S. dollar. Our gross indebtedness denominated in a foreign currency was R\$3,841.9 million at December 31, 2013, compared to R\$2,442.6 million at December 31, 2012.

Derivatives, net. Derivatives, net resulted in a gain of R\$235.5 million in the transition period ended December 31, 2013 compared with a net gain of R\$76.7 million in the period ended December 31, 2012.

Income Taxes

Income tax expenses increased to R\$39.2 million for the transition period ended December 31, 2013, compared to R\$12.9 million in the period ended December 31, 2012, mainly due to the taxation difference of Radar and the non-taxable equity income of Raízen.

Net Income Attributable to Our Owners

As a result of the foregoing, net income attributable to our owners was R\$122.6 million in the transition period ended December 31, 2013, compared to R\$335.7 million in the period ended December 31, 2012, a decrease of 63% after deducting net income attributable to non-controlling interests of R\$377.4 million and R\$368.9 million in the transition period ended December 31, 2013 and the period ended December 31, 2012, respectively.

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Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Consolidated Results

The following table sets forth our consolidated income statement for the fiscal years ended March 31, 2013 and 2012:

	For Fiscal Year Ended March 31,		
	2013 (restated)	2012 (restated)	% Variation
(in millions of reais, except percentages)			
Consolidated Income Statement			
Net sales	4,586.2	4,563.6	0 %
Cost of goods sold	(3,211.3)	(3,696.2)	(13)%
Gross profit	1,374.9	867.4	59 %
Selling expenses	(459.4)	(318.4)	44 %
General and administrative expenses	(419.5)	(274.5)	53 %
Other, net	173.7	(21.7)	(900)%
Gain on the de-recognition of subsidiaries to form the JVs	—	2,752.7	(100)%
Operations income / (expenses)	(705.2)	2,138.1	(133)%
Income before financial results, equity income of associates and income taxes	669.7	3,005.5	(78)%
Equity income of associates	70.4	39.2	80 %
Equity income of jointly controlled entities	603.9	349.4	73 %
Financial results, net	(423.1)	(259.1)	63 %
Profit before income taxes	920.9	3,135.0	(71)%
Income taxes (Current)	(100.1)	(58.7)	70 %
Income taxes (Deferred)	(26.3)	(960.4)	(97)%
Total income taxes	(126.4)	(1,019.1)	(88)%
Profit from continuing operations	794.5	2,115.8	(62)%
Profit from discontinued operations, net of tax	138.9	64.2	116 %
Net income for the year	933.5	2,180.1	(57)%
Net income attributable to non-controlling interests	509.4	1,003.7	(49)%
Net income attributable to owners of the Company	424.1	1,176.4	(64)%

The change in the various components consists of the following:

Net Sales

We report net sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI (a federal value-added tax assessed on our gross sales in the Brazilian market at rates that vary by product) and INSS (federal social contribution taxes assessed on our gross sales in the Brazilian market of our agribusiness entities at a rate of 2.85%). Deductions from gross sales in the Brazilian domestic market, which are subject to these taxes, are significantly greater than our deductions from gross sales in export markets.

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The table below presents a breakdown of our net sales for the fiscal year ended March 31, 2013 and 2012:

Net Sales	For Fiscal Year Ended March 31,			
	2013 (restated)	2012 (restated)	%	
	(in millions of reais, except percentages)			
Raízen Energia (1)	8,468.2	7,247.4	17	%
Sugar	4,354.0	3,912.8	11	%
Ethanol	3,299.9	2,871.5	15	%
Energy cogeneration	569.7	235.1	142	%
Other products and services	244.6	228.0	7	%
Raízen Combustíveis (1)	43,532.2	35,096.1	24	%
Fuels	43,516.0	35,032.8	24	%
Other services	16.2	63.3	(74))%
Rumo	712.8	572.0	25	%
Transportation	549.4	413.4	33	%
Loading	150.0	141.0	6	%
Other	13.3	17.6	(24))%
Radar (2)	51.9	-	100	%
Property sale	4.7	-	100	%
Land lease	47.1	-	100	%
Comgás (3)	2,399.0	-	100	%
Industrial	1,535.9	-	100	%
Residential	203.3	-	100	%
Thermo generation	148.7	-	100	%
Cogeneration	112.7	-	100	%
Automotive	77.5	-	100	%
Commercial	84.5	-	100	%
Construction revenue	230.0	-	100	%
Other	6.4	-	100	%
Lubricants	1,422.5	1,037.7	37	%
Lubricants	1,245.6	1,018.8	22	%
Basic Oil	162.0	18.9	755	%
Other	9.9	-	100	%
Cosan's other business	5.1	22.0	(77))%
IFRS 11 – Deconsolidated and eliminations (1)	(52,000.5)	(39,411.6)	32	%
Net sales	4,586.2	4,563.6	0	%

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

(2)Segment created from the gain control on the Radar and its subsidiaries in July 14, 2012.

(3)Segment created from the acquisition of Comgás in November 5, 2012.

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The change in the various components consists of the following:

Raízen Energia

Sugar sales totaled R\$4,354.0 million in the fiscal year ended March 31, 2013, an increase of 11% or R\$441.2 million in relation to the prior period. The volume of sugar increased 6% over 2012 and the average price of sugar in 2013 increased by 5% and was primarily responsible for the increase in net sales of this product.

Ethanol sales in the fiscal year ended March 31, 2013 totaled R\$3,299.9 million, increasing 15% or R\$428.4 million when compared to the fiscal year ended March 31, 2012 primarily due to an increase of 10% in average price and an increase of 5% in volume sold.

Energy cogeneration sales totaled R\$569.7 million, increasing 142% or R\$334.6 million in the fiscal year ended March 31, 2013. This was principally due to a higher volume of energy generated and sold, due in part to an extended crushing period in the 2012/2013 harvest, an increase of 19% in the average price of energy, due to the spot market being affected by a lack of rains and the resulting depletion of hydro-electric energy reserves in the major reservoirs in the Southeast and Mid-West regions, and energy resale transactions in the spot market, which increased total volume sold.

Other products and services, consisting of principally sales of steam, molasses and raw materials to service providers in the agricultural industry, increased 7% to R\$244.6 million in the fiscal year ended March 31, 2013, from R\$228.0 million in the fiscal year ended March 31, 2012.

Raízen Combustíveis

Net sales (prior to eliminations for proportionate consolidation) increased by R\$8,436.1 million, or 24% from R\$35,096.1 million in the fiscal year ended March 31, 2012 to R\$43,532.2 million in the fiscal year ended March 31, 2013 primarily due to an increase in total fuel sales volume in the period. This increase is primarily a result of the addition of sales at Shell gas stations; which was consolidated as of the formation of Raízen on June 1, 2011, making the comparative period only ten months.

Rumo

Rumo's sales in the fiscal year ended March 31, 2013 increased by R\$140.8 million, or 25%, to R\$712.8 million in the fiscal year ended March 31, 2013, as compared to the previous the period, primarily due to increased transportation volume.

Revenue from transportation increased by R\$136.1 million, or 33%, to R\$549.4 million, primarily as a result of the increased sugar volumes transported, better prices and adjustments to maintain contractual balance in rail transportation together with ALL, Rumo's partner in transportation.

Loading sales revenue increased by R\$9.0 million, or 6%, to R\$150.0 million in the fiscal year ended March 31, 2013, as compared to the previous the period, due to an increase in volume to 8,565.6 thousand tonnes in the fiscal year ended March 31, 2013, representing an increase of 10% as compared to the fiscal year ended March 31, 2012.

Radar

Radar's revenues derived from investments in agricultural properties and the leasing of land in Brazilian rural markets totaled R\$51.9 million, representing the results of operations from July 14, 2012 to March 31, 2013.

Comgás

Comgás' revenues from November 5, 2012 to March 31, 2013 were R\$2,399.0 million, representing the results of its activities of distribution and trading of natural gas in the concession region of the state of São Paulo.

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Lubricants

The net revenue of Lubricants was R\$1,422.6 million in the fiscal year ended March 31, 2013 resulting in an increase of 37% compared to the fiscal year ended March 31, 2012, primarily due to the consolidation of Comma Oil & Chemical's results, which was acquired in the fiscal year ended March 31, 2013. The initiation of lubricant sales and distribution in Bolivia, Uruguay and Paraguay also helped to increase net revenue. Sales volume increased 32% in the fiscal year ended March 31, 2013, to 286.6 million liters.

Other Businesses

The net revenue of Cosan's other business was R\$5.1 million in the fiscal year ended March 31, 2013 resulting in a decrease of 77% compared to the fiscal year ended March 31, 2012.

Cost of Sales and Services

Cost of Sales and Services

	For Fiscal Year Ended March 31,			%
	2013 (restated)	2012 (restated)	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(6,881.9)	(5,577.8)	23	%
Raízen Combustíveis (1)	(41,199.0)	(33,137.4)	24	%
Rumo	(420.6)	(394.1)	7	%
Radar (2)	(1.7)	-	100	%
Comgás (3)	(1,738.3)	-	100	%
Lubricants	(1,050.7)	(724.5)	45	%
Cosan's other business	-	(3.2)	(100)	%
IFRS 11 – Deconsolidated and eliminations (1)	48,080.9	36,140.8	33	%
Cost of sales and services	(3,211.3)	(3,696.2)	(13)	%

(1)Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

(2)For a nine-month period from the date of acquisition of Radar.

(3)For a five-month period from the date of acquisition of Comgás.

We divide Raízen Energia's sugar and ethanol cost of sales and services into two major categories: agricultural costs and industrial costs. Agricultural costs include costs related to the production of sugarcane, acquiring sugarcane from suppliers, fertilizers, personnel costs, delivery and logistical services, land and equipment leases, depreciation and third-party services. Industrial costs include the purchase of raw materials (other than sugarcane), personnel costs,

depreciation and other chemical and maintenance expenses. Raízen Combustíveis' cost of sales and services includes petroleum derived products and feedstock purchased from Petrobras and ethanol from distilleries, freight costs between our terminals in our fuel distribution business and additives. Rumo Logística's cost of sales and services includes personnel costs, equipment and port lease agreements, electricity and maintenance costs. Other Businesses' costs of sales and services principally includes costs associated with Cosan's corporate structure and packaging materials, raw material and feedstock purchased from third parties in our lubricants business.

Our total cost of sales and services decreased by 13% to R\$3,211.6 million during the fiscal year ended March 31, 2013, from R\$3,696.2 million during the fiscal year ended March 31, 2012 due to the factors described below.

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Raízen Energia

The cost of sales and services amounted to R\$6,881.9 million in the fiscal year ended March 31, 2013, representing an increase of 23% compared to the previous fiscal year. This increase was mainly driven by higher volumes of sugar and energy sold, and by the increase in average cost of goods sold for ethanol. Costs of sales and services are reported together with the average unit costs, net of effects of depreciation and amortization (cash and cost).

Raízen Combustíveis

Raízen Combustíveis cost of sales and services increased 24% from R\$33,137.4 million in the fiscal year ended March 31, 2012 to R\$41,199.0 million in the fiscal year ended March 31, 2013 primarily due to the increase in total fuel sales volume in the period.

Rumo

The cost of Rumo's services provided in the fiscal year ended March 31, 2013 increased 7%, to R\$420.6 million, as compared to the fiscal year ended March 31, 2012, due to an increase in volumes transported, also causing an increase in the dilution of fixed costs and driving total cost of services provided to 59% of net revenue compared to 69% in 2012.

Radar

Radar's costs of sales and services totaled R\$1.7 million, considering its results of operations from July 1, 2012 to March 31, 2013, which corresponds to the cost related to activities relating to sales of assets.

Comgás

Comgás' costs of sales and services for the period from November 5, 2012 to March 31, 2013 totaled R\$1,738.3 million, which corresponds to the cost of gas, transportation and construction activity on the gas distribution infrastructure under concession.

Selling Expenses

Selling expenses are primarily related to transportation costs, including freight and shipping costs for ethanol, sugar, fuel and lubricant sold in Brazil and exported, as well as storage and loading expenses of ethanol and sugar for export at our and third parties' port facilities. The major portion of our sales of ethanol in Brazil is sold at the mill to distribution companies, and therefore there are no shipping costs. CLE's lubricant marketing expenses, as well as fuel storage expenses, are also included as selling expenses.

	For Fiscal Year Ended March 31,			
	2013	2012	%	
	(restated)	(restated)	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(638.8)	(511.8)	25	%
Raízen Combustíveis (1)	(1,026.9)	(1,088.4)	(6)%
Comgás (2)	(259.8)	-	100	%
Lubricants	(199.7)	(187.5)	6	%

IFRS 11 – Deconsolidated and eliminations (1)	1,665.8	1,469.3	13	%
Selling expenses	(459.4)	(318.4)	44	%

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

(2)For a five-month period from the date of acquisition of Comgás.

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Our total selling expenses increased by 44% to R\$459.4 million during the fiscal year ended March 31, 2013 from R\$318.4 million during the fiscal year ended March 31, 2012, due to the factors described below.

Raízen Energia

Raízen Energia's selling expenses increased by R\$127.0 million, or 25%, in the fiscal year ended March 31, 2013 as compared to the fiscal year ended March 31, 2012, to R\$638.8 million, due primarily to the change in the ethanol sales mix from the domestic to the foreign market and consequent increases in freight costs.

Raízen Combustíveis

Raízen Combustíveis selling expenses decreased by R\$61.5 million, or 6%, to R\$1,026.9 million in the fiscal year ended March 31, 2013 as compared to the fiscal year ended March 31, 2012. This decrease was primarily due to the unification of the logistics operations and the efficiencies captured from the integration of the Esso and Shell gas station networks.

Comgás

Comgás' selling expenses for the period from November 5, 2012 to March 31, 2013 totaled R\$259.8 million.

Lubricants

Selling expenses increased 6% in the fiscal year ended March 31, 2013, to R\$199.7 million, as compared to R\$187.5 million in the fiscal year ended March 31, 2012, primarily due to the consolidation of Comma Oil & Chemicals.

General and Administrative Expenses

	For Fiscal Year Ended March 31,			
	2013	2012		%
	(restated)	(restated)	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(490.2)	(441.6)	11	%
Raízen Combustíveis (1)	(361.6)	(356.9)	1	%
Rumo	(58.1)	(41.5)	40	%
Radar (2)	(14.9)	-	100	%
Comgás (3)	(127.7)	-	100	%
Lubricants	(72.5)	(31.1)	133	%
Cosan's other business	(146.4)	(120.9)	21	%
IFRS 11 – Deconsolidated and eliminations (1)	851.9	717.5	18	%
General and administrative expenses	(419.5)	(274.5)	54	%

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

(2) For a nine-month period from the date of acquisition of Radar.

(3) For a five-month period from the date of acquisition of Comgás.

General and administrative expenses consist of salaries and benefits paid to employees, taxes, expenses related to third-party services, rentals and other expenses. Our total general and administrative expenses increased by 54% to R\$419.5 million during the fiscal year ended March 31, 2013 from R\$274.5 million during the fiscal year ended March 31, 2012, due to the factors described below.

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Raízen Energia

General and administrative expenses were R\$490.2 million in the fiscal year ended March 31, 2013, an increase of 11% when compared to the fiscal year ended March 31, 2012. This increase is primarily due to the collective wage increase.

Raízen Combustíveis

General and administrative expenses totaled R\$361.6 million in the fiscal year ended March 31, 2013, an increase of 1% compared to the fiscal year ended March 31, 2012, reflecting the new corporate structure of Raízen Combustíveis as compared to its first year of operations.

Rumo

General and administrative expenses totaled R\$58.1 million in the fiscal year ended March 31, 2013, an increase of 40% compared to the fiscal year ended March 31, 2012. This increase in expenses was largely due to the beginning of operations at the Itirapina terminal and consulting services.

Radar and Comgás

General and administrative expenses totaled R\$142.6 million in the fiscal year ended March 31, 2013, for Radar and Comgás, businesses that were consolidated in 2012.

Lubricants

General and administrative expenses totaled R\$72.5 million in the fiscal year ended March 31, 2013, an increase of 133% when compared to the fiscal year ended March 31, 2012, due principally to the expansion in the lubricants operations and expenditures related to the reorganization of Cosan's corporate structure.

Cosan's other business

General and administrative expenses totaled R\$146.4 million in the fiscal year ended March 31, 2013, an increase of 21% when compared to the fiscal year ended March 31, 2012.

Other Income, Net

Other income, net comprises other income and expenses. Other income, net increased from a net loss of R\$(21.7) million in the fiscal year ended March 31, 2012 to R\$173.7 million in the fiscal year ended March 31, 2013, principally reflecting the result of Cosan's other business due to disposal of assets related to the distribution of aviation fuel infrastructure.

Gain on the Deconsolidation of Subsidiaries to Form the Joint Venture

Due to the formation of the Raízen Energia and Raízen Combustíveis joint ventures during the fiscal year ended March 31, 2012, Cosan contributed its sugar and ethanol businesses, which resulted in a deconsolidation of the related assets and liabilities and recording the remaining interest at fair value, resulting in a one-time gain of R\$2,752.7 million before income tax and social contribution.

Equity Income of Associates

Equity income of associates includes our interests in Tellus Brasil 51%, Radar 18,9%, Vertical 50% and other investments. Equity income increased to R\$70.4 million in the fiscal year ended March 31, 2013 from R\$39.2 million in the fiscal year ended March 31, 2012.

Equity Income of Jointly Controlled Entity

Equity income of jointly controlled entities includes our 50% interests in Raízen Energia and Raízen Combustíveis. Equity income increased to R\$603.9 million in the transition period ended December 31, 2013 from R\$349.4 million in the period ended December 31, 2012.

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Financial Results, Net

Financial results, net in the fiscal year ended March 31, 2013 totaled a net financial expense of R\$423.1 million compared with net financial expense of R\$259.1 million in the fiscal year ended March 31, 2012, an increase of R\$164.0 million, or 63%.

	For Fiscal Year Ended March 31,	
	2013	2012
	(restated)	(restated)
	(in millions of reais)	
Financial expenses	(578.0)	(580.8)
Financial income	163.7	323.6
Foreign exchange variation, net	(83.3)	(16.5)
Derivatives, net	74.5	14.6
	(423.1)	(259.1)

Financial Expenses. Our financial expenses primarily consist of: (1) accrued interest on our indebtedness; (2) losses on monetary variation related to our financial investments; and (3) fees, commissions and other charges paid to financial institutions.

Financial expenses in the fiscal year ended March 31, 2013 totaled R\$578.0 million, as compared to R\$580.8 million in the fiscal year ended March 31, 2012.

Expenses of debt charges, net of financial investments yields, represented an increase of 0%, when compared to the previous the nine-month period, mainly due to greater average indebtedness. The increase was mainly attributable to increased debt charges related to indebtedness assumed to undertake the acquisition of Comgás.

Financial Income. Our financial income consists primarily of: (1) gains on monetary variation related to our financial investments; (2) income from financial investments; and (3) financial income related to compensation awarded in a legal proceeding against the Brazilian federal government.

Financial income during the fiscal year ended March 31, 2013 totaled R\$163.7 million, compared to financial income of R\$323.6 million during the fiscal year ended March 31, 2012, representing a decrease of 49% due mainly to the decrease of interest income.

Foreign exchange variation, net. Foreign exchange variation, net resulted in a loss of R\$(83.3) million in the fiscal year ended March 31, 2013 compared to a net loss of R\$(16.5) million in the fiscal year ended March 31, 2012. The negative effects from exchange variation occurred due to the depreciation of the real against the U.S. dollar. Our gross indebtedness denominated in a foreign currency was R\$3,480.0 million at March 31, 2013, compared to R\$1,107.8 million at March 31, 2012.

Derivatives, net. Derivatives, net resulted in a gain of R\$74.5 million in the fiscal year ended March 31, 2013 compared with a net gain of R\$14.6 million in the fiscal year ended March 31, 2012.

Income Taxes

Income tax expenses decreased to R\$126.4 million for the fiscal year ended March 31, 2013, compared to expenses of R\$1,019.1 million in the fiscal year ended March 31, 2012, mainly resulting from the decrease of the deferred taxes

relating to the gain on the de-recognition of subsidiaries to form the Joint Venture recorded in 2011, partially offset by an increase in current taxes due to higher taxable income.

Net income attributable to our owners

As a result of the foregoing, net income attributable to our owners was R\$424.1 million in the fiscal year ended March 31, 2013, compared to R\$1,176.4 million in the fiscal year ended March 31, 2012, a decrease of 64% after deducting net income attributable to non-controlling interests of R\$509.4 million and R\$1,003.7 million in the fiscal year ended March 31, 2013 and 2012, respectively.

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B. Liquidity and Capital Resources

Our financial condition and liquidity are influenced by several factors, including:

- our ability to generate cash flow from our operations;
- the level of our outstanding indebtedness and related accrued interest, which affects our net financial expenses;
- prevailing Brazilian and international interest rates, which affects our debt service requirements;
- our ability to continue to borrow funds from Brazilian and international financial institutions and to obtain pre-export financing from certain of our customers;
- our capital expenditure requirements, which consist primarily of investments in crop planting and the purchase of equipment;
- credit ratings, including factors that may materially influence credit ratings, implications of potential changes in ratings and management's expectations; and covenant compliance, including the implications of a breach of financial or other covenants and the company's capacity for additional borrowing under its covenants.

Our cash needs have traditionally consisted of working capital requirements, servicing of our indebtedness, capital expenditures related to investments in operations, maintenance and expansion of plant facilities, as well as acquisitions. Our sources of liquidity have traditionally consisted of cash flows from our operations and short and long-term borrowings. We have financed acquisitions through seller financing, third-party financing or capital contributions by our shareholders. We believe our current working capital is sufficient for our present requirements and would expect to meet any potential shortfalls in our working capital needs through short- and long-term borrowings, capital contributions by our shareholders, or offerings of debt or equity securities in the domestic and international capital markets. In transition period ended December 31 2013 and fiscal year ended March 31, 2013, the cash flow used in investing activities was funded principally by increased borrowing. As of December 31, 2013, our consolidated cash and cash equivalents amounted to R\$1,597.5 million compared to R\$1,649.9 million as of March 31, 2013.

Cash Flow from Operating Activities

The net cash flows generated by operating activities in the transition period ended December 31, 2013 was R\$1,148.5 million, compared to net cash flows generated by operating activities of R\$283.1 million in the fiscal year ended March 31, 2013. This increase was mainly due to the equity income of the period and to the increased of exchange gains in the period.

Cash Flow Used in Investing Activities

Net cash flows used in investing activities were R\$523.1 million in the transition period ended December 31, 2013, compared to R\$2,710.6 million in the fiscal year ended March 31, 2013. This variation was mainly attributable to the reduction R\$3.4 billion acquisition of Comgás partially offset by R\$333.7 million in proceeds from sale of property, plant and equipment, software and intangible assets and R\$196.5 million in proceeds from the sale of discontinued operations.

Cash Flow from Financing Activities

Net cash flows used in financing activities were R\$673.4 million in the transition period ended December 31, 2013, compared to net cash flows generated by financing activities of R\$2,931.3 million in the fiscal year ended March 31, 2013, mainly due to fewer new loans and borrowings being raised in the transition period, by R\$5,155.5 million, partially offset by reductions in payments of principal and interest, by R\$ 1,326.6 million.

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Indebtedness

As of December 31, 2013, our outstanding debt totaled R\$9,093.0 million of which R\$1,050.9 million was short-term debt. Our debt consisted of R\$5,278.1 million in local currency-denominated debt and R\$3,814.9 million in foreign currency-denominated debt.

Our total debt of R\$9,093.0 million at December 31, 2013 increased 7% as compared to our total debt of R\$8,508.0 million at March 31, 2013. Our short-term debt, comprised of our current portion of long-term debt and interest accrued, represented 12% of our total indebtedness at December 31, 2013. Our U.S. dollar-denominated debt at December 31, 2013 represented 40%, and our British pound sterling-denominated debt represented 2% of our total indebtedness. Our secured debt at December 31, 2013 represented 8% of our total indebtedness, mostly in the form of land mortgage deeds, assignment/ pledge of credit rights, machinery and equipment, sugar and ethanol.

Certain of our long-term debt agreements, require us or certain of our subsidiaries, as applicable, to comply with certain financial and negative covenants, including our US\$200 million and US\$300 million 8% perpetual notes, which limits the ability and the ability of their subsidiaries to, among other things, enter into certain transactions with shareholders or affiliates, engage in a merger, sale or consolidation transactions and create liens.

The Company, its subsidiaries are subject to certain restrictive financial covenants set forth in existing loans and financing agreements. For the transition year ended at December 31, 2013, the Company, its subsidiaries were in compliance with their debt covenants.

The principal financing activities for transition period 2013 are described below:

In March 2013 the Company issued R\$850 million aggregate principal amount of 10% Senior Notes pursuant to Rule 144A and Regulation S of the Securities Act. Also in March 2013, the Company issued US\$500 million aggregate principal amount of 5% Senior Notes pursuant to Rule 144A and Regulation S of the Securities Act.

In September 2013 Comgás issued R\$540 million non-convertible Debentures. The proceeds from three series were used to pay promissory notes, which were issued on March 1, 2013 and to expand operations.

The table below shows the profile of our debt instruments:

Description (a)	Interest Index(c)	Actual interest rate(b) (%)	December 31, 2013	March 31, 2013 (Restated)	April 01, 2012	Maturity date
Senior Notes Due 2018	Fixed Dollar	9.50	873,589	852,705	-	Mar-18
Senior Notes Due 2023	(US\$)	5.00	1,086,716	987,914	-	Mar-23
BNDES	TJLP	9.60	526,716	707,759	-	Jun-17
BNDES	Selic	10.70	159,894	310,358	-	Oct-20
BNDES	TJ462	7.94	525,636	77,477	-	Oct-20
Perpetual notes	Dollar (US\$)	8.25	1,186,221	1,019,706	922,533	-
Working capital	Dollar (US\$) + Libor	4.58/2.40	262,796	206,089	185,311	Sep/Oct-16
Credit notes		10.75	393,646	367,013	337,810	Feb-14

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	110.00%					
	CDI					
FINAME *	Fixed	4.23	277,298	309,574	309,474	Nov-22
FINAME *	URTJLP	7.07	428,916	405,335	322,228	May-22
Leasing	100.00%	9.77	1,068	2,020	-	Oct-14
	Libor UK					
Foreign loans	semiannual	4.27	209,340	167,021	-	Jun-17

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EIB (European Investment Bank)	Dollar (US\$) + Libor	8.70	633,223	528,902	-	Jun-21
Resolution 4131 **	Dollar (US\$) + Libor	10.58	413,477	549,106	-	Feb-18
Debentures	123.00% CDI	12.02	1,443,941	1,394,694	-	Oct-20
Non-convertible debentures	CDI	10.70	164,144	70,321	-	Aug-14
Debentures	Fixed rate+IPCA	11.21	417,231	-	-	Sep-20
FINEP ***	Fixed	5.00	89,104	89,020	-	Jan-21
Promissory notes	103.00% CDI	10.07	-	402,104	-	-
Credit assignment	CDI	1.38	-	60,886	-	-
Consolidated Debt			9,092,956	8,508,004	2,077,356	
Current			1,050,862	1,608,373	83,505	
Non-current			8,042,094	6,899,631	1,993,851	

* Finame: Machinery and Equipment Financing Program

** Resolution 4131: funds raised outside of Brazil with several financial institutions

*** FINEP: Modality of Financing Program

Working Capital

As of December 31, 2013, we had working capital of R\$913.3 million, compared to R\$456.3 million in the fiscal year ended March 31, 2013, primarily attributable to:

- Increase of current assets mainly due to the increase of inventories and assets held for sale; and
- Decrease of current liabilities mainly due to the decrease of loans and borrowings.

Capital Expenditures

Our capital expenditures in property, plant and equipment, including acquisitions (net of cash acquired), expenditures for crop formation and expenditures for purchases of land, were R\$976.1 million during the nine-month period ended December 31, 2013, compared to R\$637.1 million during the fiscal year ended March 31, 2013.

The following table sets forth our capital expenditures for the nine-month period ended December 31, 2013 and the fiscal years ended March 31, 2013 and 2012:

	For the Nine-Month Period Ended December 31, 2013	For Fiscal Year Ended March 31, 2013 (restated)	For Fiscal Year Ended March 31, 2012 (restated)
	(in millions of reais)		
Rumo	198.0	266.7	269.0
Radar	0.1	0.8	—
Comgás	677.7	294.4	—

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Lubricants	81.4	72.9	—
Other business	19.0	2.5	99.5
Total consolidated capital expenditures	976.1	637.1	368.5

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The main planned and undergoing projects related to capital expenditures are described in “Item 4. Information on the Company—D. Property, Plant and Equipment.”

As of December 31, 2013 The Company through its subsidiary Rumo has contractual commitments in 2014 for the improvement of the railway network, aiming to expand the logistics segment in the coming years, for an amount of R\$ 209,000.

C. Research and Development, Patents, Licenses, etc.

See “Item 4. Information on the Company—B. Business Overview—Research and Development.”

D. Trend Information

We are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect upon our net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to not necessarily be indicative of future operating results or financial condition.

E. Off-Balance Sheet Arrangements

Acquisition of assets

The Company, through its subsidiary Comgás, has contractual commitments for the acquisition of intangible assets amounting to R\$ 23,687 at December 31, 2013 compared to R\$61,961 on March 31, 2013 related to the acquisition, support and administration of the gas distribution network, as well as administrative and technology costs for the maintenance of the Company's business.

Lease Agreements

Lessor

The Company, through its subsidiary Radar, has operating leases on agricultural land for the production of sugar cane and other grains. The minimum lease receivables related to these agreements are calculated by the TRS and other commodities, and harvested volume per hectare as defined in contract. Revenues related to these contracts at December 31, 2013 are as follows:

	December
Fiscal Year	31, 2013
Within 1 year	60.7
More than 1 years	242.8
Total	303.5

Lessee

At December 31, 2013, future minimum lease payments on non-cancellable operating leases entered by Rumo are as follows:

	December
Fiscal Year	31, 2013

Within 1 year	52.2
More than 1 year less than 5 years	263.6
Total	315.8

The Company, through its subsidiary Comgás has 15 lease contracts for rental of properties. Rental expense amounted to R\$ 5,741 for the nine-month period ended December 31, 2013 compared to R\$ 1,510 for the year ended March 31, 2013.

The lease terms are for a period of one to six years, and the majority of lease agreements are renewable at the end of the lease period at market rates. Future minimum lease payments under non-cancelable operating leases are as follows:

Fiscal Year	December 31, 2013	March 31, 2013
Within 1 year	4,799	1,860
More than 1 year less than 5 years	9,413	526
Total	14,212	2,386

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Purchase

The Company through its subsidiary Rumo has contractual commitments in 2014 for the improvement of the railway network, aiming to expand the logistics segment in the coming years, for an amount of R\$ 209,000.

F. Tabular Disclosure of Contractual Obligations

Contractual Financial Obligations

The following table sets forth the maturity schedule of our material contractual financial obligations at December 31, 2013:

	Total	Less than 1 year	1 to 2 years	3 to 5 years	More than 5 years
	(in millions of reais)				
Long-term debt obligations	10,996.4	1,095.9	722.5	2,926.0	6,251.9
Operating lease obligations	331.3	331.3			
Trade payables	862.4	862.4			
Pension and post-employment benefits	339.1				339.1
Refis - tax refinancing program	1,010.8		70.7	210.0	730.0
Total	13,540.0	2,289.7	793.2	3,136.0	7,321.1

Since December 31, 2013, there have been no material changes to the contractual obligations described above.

Our long-term debt consists primarily of:

- R\$873.6 million senior notes due March 2018;
- R\$1,086.7 million senior notes due March 2023;
- R\$1,212.2 million BNDES and Finame (finance lease) financing due between 2017 and 2022;
- R\$1,186.2 million perpetual notes with call option for Cosan beginning on November 5, 2015;
 - R\$262.8 million working capital due 2016;
- R\$633.2 million loan from EIB (European Investment Bank) due 2021;
- R\$413.5 million loan from Resolution 4131 due February 2018;
- R\$2,025.3 million Debentures due 2020;
- R\$706.2 million Finame (finance lease) financing due 2022; and
 - R\$693.2 million other debts.

We believe we will be able to refinance our existing debt on favorable market conditions.

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Recently Issued Accounting Standards

New IASB accounting standards have been published and/or reviewed and may be adopted for the current fiscal year, as described below:

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, “Financial instruments,” addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9’s full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2015. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

There are no other standards and interpretations issued but not yet adopted that may, in management’s opinion, have a significant impact on the results or equity disclosed by the Company.

G. Safe harbor

See “Forward-Looking Statements.”

Item 6. Directors, Senior Management and Employees

Our board of directors and our executive officers are responsible for the operation of our business. Nevertheless, Mr. Rubens Ometto Silveira Mello, who controls all of our class B series 1 common shares, has the overall power to control us, including the power to establish our management policies.

A. Directors and Senior Management

Board of Directors

Our by-laws provide that our board of directors shall consist of between five and eleven directors. Our board of directors currently consists of eleven directors.

Our board of directors is the decision-making body responsible for, among other things, determining policies and guidelines for our business. The board of directors also supervises our executive officers and monitors their implementation of policies and guidelines established from time to time by our board of directors.

Our board of directors is divided into three classes (Class I, Class II and Class III) that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, and the terms are staggered so that the term of only one class of directors expires at each annual general meeting. Members of our board of directors are subject to removal at any time with or without cause at a general meeting of shareholders. Our by-laws do not include any citizenship or residency requirements for members of our board of directors.

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The following table lists the members of our board of directors:

Name	Initial Year of Appointment to Cosan Limited's Board	Initial Year of Appointment to Cosan S.A.'s Board	Class(1)	Position Held – Cosan Limited	Position Held – Cosan S.A.	Year of Birth
Rubens Ometto Silveira Mello	2007	2000	III	Director	Chairman	1950
Marcus Vinicius Pratini de Moraes(2)	2007	2005	II	Director	—	1939
Marcelo Eduardo Martins	2009	2009	III	Director	Director	1966
Mailson Ferreira da Nóbrega(2)	2007	2008	I	Director	Director	1942
Marcos Marinho Lutz	2007	—	II	Director	—	1969
Pedro Isamu Mizutani	2007	2000	III	Director	Director	1959
George E. Pataki(2)	2007	—	I	Director	—	1945
Marcelo de Souza Scarcela Portela	2007	2009	II	Director	Vice Chairman	1961
José Alexandre Scheinkman(2)	2007	—	I	Director	—	1948
Burkhard Otto Cordes	2008	2005	II	Director	Director	1975
Hélio França Filho(2)	2009	—	III	Director	—	1959
Serge Varsano(2)	—	2009	—	—	Director	1955
Roberto de Rezende Barbosa	—	2009	—	—	Director	1950

(1) The terms of the directors expire as follows: Class I Directors at the annual general meeting referred to the fiscal year 2017; Class II Directors at the annual general meeting referred to the fiscal year 2015; and Class III Directors at the annual general meeting referred to the fiscal year 2016.

(2) Independent director.

The following is a summary of the business experience of our current directors. Unless otherwise indicated, the business address of our current directors is Av. Presidente Juscelino Kubitschek, 1327, 4th floor, São Paulo, SP, Brazil.

Rubens Ometto Silveira Mello. Mr. Mello is our director and chief executive officer. He is also chairman of the board of directors of Cosan S.A. He holds a degree in mechanical engineering from the Escola Politécnica of the University of São Paulo (1972). Mr. Mello has more than 30 years of experience in the management of large companies. He has also served as general director and chairman of the board of directors of Costa Pinto S.A. since 1980, vice president of Pedro Ometto S.A. Administração e Participações since 1980, director of Cosan Operadora Portuária S.A. since 1998, chairman of the board of directors of FBA from 2001 until its merger into Corona, and is currently the chairman of the boards of Cosan S.A., Comgás and Raízen. He also holds the position of director of UNICA, the Sugarcane Agroindustry Association of the State of São Paulo (UNICA—União da Agroindústria Canavieira do Estado de São Paulo). Prior to joining Cosan, Mr. Mello worked from 1971 to 1973 as an advisor to the board of executive officers of UNIBANCO União de Bancos Brasileiros S.A., and from 1973 to 1980 as chief financial officer of Indústrias Votorantim S.A.

Marcus Vinicius Pratini de Moraes. Mr. Pratini de Moraes is our director. He holds a degree in economics from Faculdade de Ciências Econômicas da Universidade do Rio Grande do Sul (1963), a postgraduate degree in public administration from Deutsche Stiftung fur Entwicklungsländer—Berlin (1965) and a business administration degree from University of Pittsburgh and Carnegie Institute of Technology (1966). Mr. Pratini de Moraes held several positions in the Brazilian federal government, including Minister of Planning and General Coordination (1968-1969), Minister of Industry and Commerce (1970-1974), Minister of Mines and Energy (1992) and Minister of Agriculture, Livestock and Food Supply (1999-2002). He also served a term as a congressman from the state of Rio Grande Do Sul (1982-1986). He was a board member of Solvay do Brasil (1998-1999) and chairman (2003); member of the advisory

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council of the Brazilian Mercantile & Futures Exchange—BM&F (2003); member of the Brazil—China Business Council (2004); president of the Brazil—Russia Business Council (2004); member of the National Council of Industrial Development (2005); and vice-president of the Beef Information Center—SIC (2005). Mr. Pratini de Moraes is currently the chairman of ABIEC (Brazilian Beef Export Industries Association), a board member of FIESP (Federation of Industries of the State of São Paulo), a board member of JBS S.A. and a member of the supervisory board and the audit committee of ABN AMRO Bank N.V.

Marcelo Eduardo Martins. Mr. Martins has been a member of our board of directors and of Cosan S.A.'s board of directors since March 23, 2009. Mr. Martins also holds the position of chief financial and investor relations officer. His duties include identifying acquisition opportunities and implementing takeovers as well as business development activities for which the company may have strategic interest in the future. In July 2007, Mr. Martins was appointed as an executive officer of Aguassanta Participações S.A. Prior to joining the Cosan Group, Mr. Martins was the Chief Financial and Business Development Officer of Votorantim Cimentos between July 2003 and July 2007 and, prior to that, head of Latin American Fixed Income at Salomon Smith Barney (Citigroup) in New York. He has significant experience in capital markets, having worked at Citibank (where he began his career as a trainee in 1989), Unibanco, UBS and FleetBoston. He has a degree in business administration from the Getúlio Vargas Foundation, majoring in finance.

Mailson Ferreira da Nóbrega. Mr. Nóbrega has been a member of our board of directors and of Cosan S.A.'s board of directors since November 2007. He is an economist and was Brazil's Minister of Finance from 1988 to 1990. He was previously Technical Consultant and Chief of Project Analysis Department at Banco do Brasil; Coordination Chief of Economic Affairs of the Ministry of Industry and Commerce and Secretary General of the Ministry of Finance. He performed as the Chief Executive Officer of the European Brazilian Bank—EUROBRAZ, in London. Mr. Nóbrega is also member of the board of directors of the following companies: Abyara Planejamento Imobiliário, CSU Cardsystem S.A., Grendene S.A., Portobello S.A., Rodobens Negócios Imobiliários S.A., TIM Participações S.A. and Veracel Celulose S.A.

Marcos Marinho Lutz. Mr. Lutz is a member of our board of directors and our chief commercial officer. He has been Cosan S.A.'s chief executive officer since November 2009 and served as chief commercial officer since 2006. Mr. Lutz holds a naval engineering degree from Escola Politécnica of the University of São Paulo and a master's degree in business administration from Kellogg Graduate School of Management, Northwestern University. From 2002 to 2006, Mr. Lutz was the executive director of infra-structure and energy at CSN (SID) and board member of MRS Logística, CFN Railways, and Itá Energética. Before that, Mr. Lutz was the chief operating officer at Ultracargo S.A., the logistics affiliate of the Ultra Group.

Pedro Isamu Mizutani. Mr. Mizutani has been a member of our board directors since 2007. He has been a member of Cosan S.A.'s board of directors since 2000. He has served as Cosan S.A.'s managing director since 2001, and served as Cosan's chief operating officer until June 2011. Currently Mr. Mizutani holds a position as Raízen's chief operating officer. Mr. Mizutani holds a production-engineering degree from the Escola Politécnica of the University of São Paulo (1982), a postgraduate degree in finance from UNIMEP—Universidade Metodista de Piracicaba (1986) and a master's degree in business management from FGV—Fundação Getúlio Vargas, São Paulo, with an extension degree from Ohio University (2001). Mr. Mizutani has more than 20 years of experience in finance and administration with companies in the ethanol and sugar industries. He also served as a planning director of Usina Costa Pinto S.A. from 1983 to 1987, as financial manager from 1987 to 1988, and as administrative and financial director from 1988 to 1990. From 1990 to 2001, he acted as administrative and financial director of the group.

George E. Pataki. Mr. Pataki is a member of our board of directors. He has a bachelor's degree from Yale University (1967), and a law degree from Columbia Law School (1970). Mr. Pataki was a partner in the New York law firm of Plunkett & Jaffe until 1987. He was elected mayor of Peekskill, New York in 1981, and served in the New York State

Legislature as an assemblyman and then a senator from 1985 to 1994. In 1994, Mr. Pataki became the fifty-third Governor of the State of New York and was reelected in 1998 and 2002. He served as Governor from January 1, 1995 until January 1, 2007. Mr. Pataki is counsel at Chadbourne & Parke LLP.

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Marcelo de Souza Scarcela Portela. Mr. Portela is a member of our board of directors and is also Cosan S.A.'s legal vice president, and a member of the board of directors. He holds a law degree from Faculdade de Direito da Universidade de São Paulo (1983), and completed graduate studies in commercial law from Faculdade de Direito da Universidade de São Paulo (1988) and McGill University Law School (1990) in Montreal, Canada.

José Alexandre Scheinkman. Mr. Scheinkman is a member of our board of directors. He is the Theodore A. Wells '29 Professor of Economics at Princeton University. He has a bachelor's degree in economics from the Federal University of the State of Rio de Janeiro (1969), a master's degree (1973) and doctorate degree (1974) in economics from the University of Rochester, and a master's degree in mathematics from Instituto de Matemática Pura e Aplicada (Brazil) (1976). Mr. Scheinkman is a Fellow of the American Academy of Arts and Sciences, a Fellow of the Econometric Society, and received a "docteur honoris causa" from the Université Paris-Dauphine. In 2002, he was a Blaise Pascal Research Professor (France). Professor Scheinkman is a member of the Conseil Scientifique of the Institute Europlace de Finance (Paris) and a member of the Conselho Acadêmico of IBMEC (São Paulo). Previously, he was the Alvin H. Baum Distinguished Service Professor and Chairman of the Department of Economics at the University of Chicago, Vice President in the Financial Strategies Group of Goldman, Sachs & Co., co-editor of the Journal of Political Economy and a member of the advisory panel in economics to the Sloan Foundation.

Burkhard Otto Cordes. Mr. Cordes has been a member of our board of directors since 2008 and of Cosan S.A.'s board of directors since 2005. He graduated in business administration from Fundação Armando Álvares Penteado (1997) and he holds a master's degree in finance from IBMEC-SP (2001). Mr. Cordes has worked in financial markets. He worked at Banco BBM S.A., a company owned by Grupo Mariani, where he worked at its commercial division focusing corporate and middle market segments. Before holding his current position, he had worked at IBM Brasil in its financial division. Mr. Cordes is Mr. Mello's son-in-law.

Helio Franca Filho. Mr. Franca Filho has been a member of our board of directors since August 2009. He joined Gavea's Illiquid Strategies Group in April 2007, focusing primarily on the commodities sector. With over 20 years of experience in the commodities sector, Mr. Franca Filho began his career with the Sucres & Denrées group, where he worked from 1984 to 1985 trading coffee, sugar and cocoa. He subsequently joined the Louis Dreyfus group in New York, where he was in charge of the Latin American sugar and ethanol market from 1985 to 1996. From 2000 to 2007, he was director of Brazilian operations for the Noble group, a commodities trading company listed in England and Singapore. Mr. Franca Filho has a degree in economics from the Pontifical Catholic University of Rio de Janeiro (PUC-RJ).

Serge Varsano. Mr. Varsano has been a member of Cosan S.A.'s board of directors since 2007. He holds a degree from the Marshall School of Business of the University of Southern California (1975). Mr. Varsano began his career as a trader in the Sucres et Denrées group, one of the world's leading sugar traders, subsequently becoming its chief executive officer. He has been chief executive officer of the Sucres et Denrées group since 1988.

Roberto de Rezende Barbosa. Mr. Barbosa has been a member of Cosan S.A.'s board of directors since 2009. He worked as a trainee at Halles Bank and the Dacon dealership, assuming the family business in 1975. He was the chief executive officer of Grupo Nova América and is currently the chief executive officer and a board member at CTC – Centro de Tecnologia Canavieira, and a board member at SCA – Sociedade Corretora de Álcool, IEDI – Institute of Industrial Development Studies and UNICA – the Federation of Sugarcane Industries of São Paulo State.

Executive Officers

Our executive officers serve as our executive management body. They are responsible for our internal organization and day-to-day operations and for the implementation of the general policies and guidelines established from time to time by our board of directors.

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Our executive officers are elected by our board of directors for two-year terms and are eligible for reelection. Our board of directors may remove any executive officer from office at any time with or without cause. Our executive officers hold meetings when called by any of our executive officers.

The following table lists our current executive officers:

Name	Initial Year of Appointment to Cosan Limited	Initial Year of Appointment to Cosan S.A.	Position Held – Cosan Limited	Position Held – Cosan S.A.	Year of Birth
Rubens Ometto Silveira Mello	2007	—	Chief Executive Officer	—	1950
Marcos Marinho Lutz	2007	2009	Chief Commercial Officer	Chief Executive Officer	1969
Marcelo Eduardo Martins	2009	2009	Chief Financial and Investor Relations Officer	Chief Financial and Investor Relations Officer	1966
Marcelo de Souza Scarcela Portela	—	2009	—	Legal Vice President	1961
Nelson Roseira Gomes Neto	—	2011	—	Lubricant Vice President	1970
Julio Fontana Neto	—	2013	—	Infrastructure Vice-President	1955

Cosan Limited officers are Rubens Ometto Silveira Mello, Marcos Marinho Lutz, and Marcelo Eduardo Martins. Cosan S.A. officers are Marcos Marinho Lutz, Marcelo Eduardo Martins, Marcelo de Souza Scarcela Portela, Nelson Roseira Gomes Neto, and Julio Fontana Neto.

The following is a summary of the business experience of Cosan S.A.'s executive officers who are not Cosan Limited directors. Unless otherwise indicated, the business address of the executive officers is Av. Presidente Juscelino Kubitschek, 1327, 4th floor, São Paulo, SP, Brazil.

Nelson Roseira Gomes Neto. Mr. Gomes Neto is Cosan S.A.'s lubricant vice president and chief executive officer of Cosan Lubrificantes e Especialidades S.A. He holds a bachelor's degree in engineering from Catholic University (1992), a master's degree in corporate finance from PUC – IAG Master (1998) and a master's degree in business administration from COPPEAD (2001). He joined Exxon Mobil Corporation in 1991 as a trainee. Throughout the course of his career, he has served in positions of increasing managerial responsibility in several business lines such as Fuels Marketing, Convenience Retailing, Natural Gas, and since 2001 part of Lubricants business. In February 2008 he was appointed Brazil Lubricants Officer to Esso Brasileira de Petroleo Limitada, and in December 2008, Lubricants Vice President.

Julio Fontana Neto is Cosan S.A.'s Infrastructure Vice-Presidente. He was formerly chief executive officer of MRS Logística S.A. with experience in logistics, railroad operations and infrastructure. He holds a bachelor's degree in mechanical engineering (1978) and in business administration from Mackenzie University (1981) and a master's

degree in administration from EISE Business school – University of Navarra, Spain (2002).

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Key managers

Name	Initial Year of Appointment to Cosan	Position Held – Cosan
Nelson Roseira Gomes Neto	2008	Chief Executive Officer – CLE
Daniel Rockenbach	2013	Chief Executive Officer – Rumo
Luis Henrique Guimarães	2013	Chief Executive Officer – Comgás

The following is a summary of the business experience of the key manager who is not an executive officer.

Daniel Rockenbach is the chief executive officer of Rumo Logística Operadora Multimodal S.A. (former Cosan Operadora Portuária S.A.). Daniel Rockenbach's degree in Business Administration from PUC-RS with a postgraduate degree in Marketing from the Federal University of Rio Grande do Sul (UFRGS). Throughout his career has worked at companies such as Ambev, as Commercial Manager and Manager of Direct Distribution, ALL, as Manager of Industrial Products and MRS, as Corporate Manager of Mining, Steel and Agriculture. In 2011 he was appointed Director of Operations and Commercial of Rumo, a position he held until mid-2013, when he became CEO of Rumo.

Luis Henrique Guimarães is the chief executive officer of Comgás. He was formerly the Fuels Operational Officer and responsible for the Joint Venture's Downstream division, which covers the retail, commercial and aviation businesses. Luis Henrique joined Shell in 1987 and worked in several positions in the lubricants and retail businesses in Brazil and abroad (based in London). In 2007, he took the position of Shell's Chief Marketing Officer for Lubricants in North America, based in Houston; and

In addition, our Joint Venture with Shell is run by a management team drawn from Cosan and Shell with a proven track record in sugar, ethanol and fuels. The executive team is comprised of:

Vasco Dias is the CEO of the Joint Venture. Vasco joined Shell in 1979 and was formerly the President of Shell Brasil. He occupied positions of increasing responsibility in Brazil and abroad throughout his career and participated, in the Hague, in the team that led the global restructuring of the Shell Group. He returned to Brazil in 1997 to hold the position of CEO of Shell Gas and, as of 2005, Retail Vice President for Latin America and Country Chair of Shell in Brazil;

Luis Rapparini is the CFO and Officer of Investor Relations of the Joint Venture. He joined Raízen from BAT, having worked in Brazil, Africa, the United Kingdom and the United States. He previously was Finance and Investor Relations Director for Souza Cruz in Brazil;

Pedro Mizutani is the Sugar, Ethanol and Energy Operational Officer and was previously CEO of Cosan S.A. Açúcar e Álcool. He maintains his responsibilities on sugar and ethanol production and cogeneration in the Joint Venture, with ultimate responsibility for the Sugar and Ethanol division. Mr. Mizutani has 27 years of experience in the sugar and energy sector and started his professional career at Cosan in the 1980's, having taken positions of increasing responsibility up to his current one. He is a member of the Board of Directors of UNICA and a professor at Fundação Getúlio Vargas's post-graduation course;

Leonardo Gadotti Filho is the Executive Officer and manages logistics, supply and distribution for the Joint Venture. Mr. Leonardo Gadotti joined Esso Brasileira in 1980 as an intern and took positions of increasing responsibility in Brazil and abroad. He is currently the President of Sindicom, a board member of the Brazilian Institute for Ethics in

Competition (Instituto Brasileiro de Etica Concorrencial) and a board member of the Brazilian Institute for Petrol, Gas and Biofuels (Instituto Brasileiro de Petroleo, Gás e Biocombustíveis).

Teófilo Lacroze is the Executive Officer for sales at Raízen. Mr. Teófilo Lacroze graduated in business administration at the Universidad de San Andres (Argentina), and holds an MBA in marketing and strategy from the University of Cambridge (England). With over 20 years of experience in retail business, Mr.

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Lacroze joined the Shell Group in Argentina in 1996 as a financial analyst. After working in companies of the Shell Group in Buenos Aires, London and Santo Domingo, he became network strategy & planning manager Latin America for Shell Brazil in June 2004, taking the position of Director of Sales and Operations in 2005 and subsequently Director of Marketing in 2008. In June 2010, he took over as Director of Distribution and Marketing for Shell Brazil. In May 2011 he joined Raízen Energia S.A. as Director of Marketing and Trading and in December 2012 and he took over as Executive Vice President of Operations and Sales.

Leonardo Remião Linden is the executive officer for Marketing and Engineering. Mr. Leonardo Remião Linden holds a degree in Business Administration from the Universidade Federal do Rio Grande do Sul, with extension courses in international schools such as Kellogg Business School, Thunderbird Executive Education and North Carolina University. He worked for 18 years as an employee of ExxonMobil, having accumulated a great deal of experience in the management of the company's national and international business. In July 2008 he joined Grupo Cosan to act as Director of Marketing for Fuel. In addition, in August 2009 he became Vice President of Fuels, a position held until May 2011. In December 2012, he became the Vice President of Marketing and Engineering at Raízen Energia S.A.

Paulo Francisco de Almeida Lopes is the legal counsel and vice president. Mr. Francisco de Almeida Lopes holds a law degree from the Faculdade de Direito da Universidade do Estado do Rio de Janeiro - UERJ and specialized in Comparative International Law by the University of Texas at Dallas. Mr. Almeida Lopes has over 20 years of experience in the legal field for energy companies. Between 1983 and 1991, he held positions in Shell Brazil S/A's legal department. He was the legal manager of Billiton Metais S.A. (then a Shell Group company) between 1991 and 1993. He took the Legal Manager position for Shell International Petroleum Company Ltd., London, England, and Shell International Exploration and Production BV, at The Hague, Netherlands, between 1994 and 1998. He was the Legal Director of Exploration and Production of oil and gas for Shell Brazil S.A. between 1998 and 2001. Afterwards, he was the Legal Director of Companhia Vale do Rio Doce - CVRD until 2002. He was subsequently Legal Vice President of Shell Brazil Ltda, a position he held until 2011, when he assumed the position of Legal Vice President at Raízen Energia SA, a position he still holds.

The executive board of the Joint Venture is overseen by the supervisory board. The supervisory board is responsible for appointing members of the executive board and monitors the activities and reports of the executive board. The supervisory board consists of three directors nominated by Cosan and three directors nominated by Shell. Our chairman, Rubens Ometto Silveira Mello, is the chairman of the supervisory board. Cosan and Shell have each designated a shareholder representative who is responsible for determining the Joint Venture's strategic priorities and resolving any deadlock within the supervisory board. Our shareholder representative is Rubens Ometto Silveira Mello.

Our Relationship with our Executive Officers and Directors

Mr. Burkhard Otto Cordes is a member of Cosan S.A.'s and Cosan Limited's boards of directors and serves as financial manager in Aguassanta Participações S.A. Mr. Cordes is Mr. Mello's son-in-law.

There are no arrangements or understandings with any of our shareholders, customers, suppliers or others, pursuant to which any director or member of our senior management has been or will be selected.

Committees of the Board of Directors

Audit Committee

The members of our audit committee are Messrs. Marcus Vinicius Pratini de Moraes (chairman), Mailson Ferreira da Nóbrega and Hélio França Filho. Our board of directors has determined that Marcus Vinicius Pratini de Moraes (chairman), Mailson Ferreira da Nóbrega and Hélio França Filho meet the independence requirements of the SEC and

the NYSE listing standards. For a discussion of the role of our audit committee, see “—C. Summary of Significant Differences of Corporate Governance Practices—Audit Committee.”

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Compensation Committee

We have a compensation committee that reviews and approves the compensation and benefits for our executive officers and other key executives, makes recommendations to the board regarding compensation matters and is responsible for awarding equity-based compensation to our executive officers and other employees under our employee equity incentive plan. The committee also has the discretion to interpret the terms of the plan, to amend the plan and take all other actions necessary to administer the plan in our best interests. The members of our compensation committee are Messrs. Pedro Isamu Mizutani (chairman), Marcus Vinicius Pratini de Moraes and Marcelo de Souza Scarcela Portela.

Risk Management Committee

We have a risk management committee that is responsible for advising the board on risk management, by establishing exposure limits and hedging ratios on a periodic basis so as to achieve better operational and financial controls. The members of our risk management committee are Messrs. José Alexandre Scheinkman (chairman), Marcelo Eduardo Martins and Marcos Marinho Lutz.

B. Compensation

Under our by-laws, our board of directors is responsible for establishing the annual aggregate compensation that we pay to the members of our board of directors and our executive officers.

The aggregate amount of compensation paid to all members of the board of directors and its executive officers in the transition period December 31, 2013 was R\$39.0 million and in the fiscal year March 31, 2013 was R\$106.6 million. The compensation to be paid to directors and executive officers of Cosan S.A. and its subsidiaries who also act as directors or executive officers of our company will be in addition to compensation paid to them by our company.

Our executive officers receive the same benefits generally provided to our employees. Members of our board of directors are not entitled to these benefits.

We currently have no employment agreements with our directors and executive officers providing for benefits upon the termination of employment. Our directors and executive officers who serve for both us and Cosan will receive compensation from both companies.

C. Summary of Significant Differences of Corporate Governance Practices

The NYSE Corporate Governance Rules provide that we are required to disclose any significant differences on our corporate governance practices from those required to be followed by U.S. companies under NYSE listing standards. We have summarized these significant differences below.

We are permitted to follow practice in Bermuda in lieu of the provisions of the NYSE Corporate Governance Rules, except that we will be required to have a qualifying audit committee under Section 303A.06 of the Rules, or avail ourselves of an appropriate exemption. In addition, Section 303A.12(b) provides that our chief executive officer is obligated to promptly notify the NYSE in writing after any of our executive officers becomes aware of any material non-compliance with any applicable provisions of the NYSE Corporate Governance Rules.

Majority of Independent Directors

NYSE Rule 303A.01 provides that each U.S. company that is listed on the Exchange must have a majority of independent directors. Bermuda corporate law does not require that we have a majority of independent directors. Under our by-laws, at least 40% of our directors are required to be independent directors; which requirement increases to 60% following the death or permanent incapacitation of Mr. Rubens Ometto Silveira Mello.

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Separate Meetings of Non-Management Directors

NYSE Rule 303A.03 provides that the non-management directors of each U.S. company that is listed on the Exchange must meet at regularly scheduled executive sessions without management. We are not required to have such executive sessions for the non-management directors under Bermuda law.

Nominating and Corporate Governance Committee

NYSE Rule 303A.04 provides that each U.S. company that is listed on the Exchange must have a nominating/corporate governance committee composed entirely of independent directors. We are not required to have such a committee under Bermuda law. We believe that, pursuant to our by-laws, the role of a nominating committee is generally performed by our board of directors and that the role of the corporate governance committee is generally performed by either our board of directors or our senior management.

Compensation Committee

NYSE Rule 303A.05 provides that each U.S. company that is listed on the Exchange must have a compensation committee composed entirely of independent directors. We are not required to have such a committee under Bermuda law. However, we formed such a committee with one independent director.

Audit Committee

NYSE Rule 303A.06 and the requirements of Rule 10A-3 of the SEC provide that each listed company is required to have an audit committee consisting entirely of independent members that comply with the requirements of Rule 10A-3. In addition, the company must have an internal audit function and otherwise fulfill the other requirements of the NYSE rules and Rule 10A-3 of the SEC.

While we are not required under Bermuda law to have an audit committee, we have formed a committee that has the following responsibilities:

- pre-approve services to be provided by our independent auditor;
- review auditor independence issues and rotation policy;
- supervise the appointment of our independent auditors;
- discuss with management and auditors major audit, accounting and internal control issues;
- review quarterly financial statements prior to their publication, including the related notes, management's report and auditor's opinion;
 - review our annual report and financial statements;
- provide recommendations to the board on the audit committee's policies and practices;
- review recommendations given by our independent auditor and internal audits and management's responses;
 - provide recommendations on the audit committee's by-laws; and

- the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal controls or auditing matters.

Equity Compensation Plans

NYSE Rule 303A.08 provides that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions thereto, with certain limited exemptions as described in the rule. Under Bermuda law, shareholder pre-approval is not required for the adoption of equity compensation plans nor any material revision thereto.

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Corporate Governance Guidelines

NYSE Rule 303A.09 provides that each U.S. listed company must adopt and disclose its corporate governance guidelines. We do not have a similar requirement under Bermuda law. In addition, we have adopted a written policy of trading of securities and disclosure matters.

Code of Business Conduct and Ethics

NYSE Rule 303A.10 provides that each U.S. listed company must adopt and disclose a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers. Although not required under Bermuda law, the Company has adopted a code of business conduct and ethics for directors, officers and employees as provided for in NYSE Rule 303A.10, which has been filed with the SEC.

D. Employees

As of December 31, 2013, we had 30,497 employees (including Raízen personnel). The following table sets forth the number of our total employees by segment for the periods indicated:

	December 31, 2013	March 31, 2013	March 31, 2012
Agricultural	15,236	18,208	19,156
Industrial	9,446	9,719	9,576
Administrative	4,850	5,387	5,160
Port	965	913	889
Total	30,497	34,227	34,781

We pay a mandatory union contribution for all of our employees. We believe that we have good relations with our employees and the unions that represent them, and we have not experienced a strike or other labor slowdown since 1992. Collective bargaining agreements to which we are party have either one-year or two-year terms, are subject to annual renewal and are subject to changes in Brazilian law. We apply the terms of bargaining agreements entered into with the unions equally to unionized and non-unionized employees.

Our total annual payroll was R\$1,800.9 million (including Raízen) as of December 31, 2013, which includes a provision for vacations, and bonuses, taxes and social contributions.

We offer our employees, including our executive officers, various benefits, which are provided in accordance with the employee's position in our company. Benefits include medical (including dental) assistance, meal and transport vouchers, life insurance, maternity leave, scholarships and funeral assistance and nursery assistance. Members of our board of directors are not entitled to these benefits. All of our employees participate in profit sharing plans developed with the labor unions of which our employees are members, which provide performance-based compensation.

E. Share Ownership

As of December 31, 2013, the following members of the board of directors own Cosan Limited shares:

Name	Position Held – Cosan Limited	Cosan Limited Class A – Common Shares	Cosan Limited Class B – Common Shares
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Rubens Ometto Silveira Mello*	Chairman and CEO	7,307,361	96,332,044
Pedro Mizutani	Board Member	10,000	—
Burkhard Otto Cordes	Board Member	5,000	—

* Shares owned directly and indirectly by Mr. Rubens Ometto Silveira Mello include the total shares of the Cosan Limited controlling group, which is not wholly-owned by him.

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Other than as disclosed in the table above, none of our executive officers currently owns or holds class A common shares or class B common shares of our company.

Equity-Based Compensation Plans

Cosan Limited

We have adopted a Cosan Limited equity incentive plan. We have reserved up to 5% of our issued and outstanding class A common shares as of the granting date for issuance under our equity incentive plan. The plan is intended to attract, retain and motivate our directors, officers and employees, to link compensation to the overall performance of the company in order to promote cooperation among our diverse areas of business and to create an ownership interest in the company with respect to these directors, officers and employees in order align their interests with the interests of our shareholders. No shares or options have been issued or granted in connection with this incentive plan.

Cosan S.A. Indústria e Comércio

On August 30, 2005, Cosan's shareholders approved a stock option plan that authorized the issuance of a maximum of 5% of Cosan's total share capital. On September 22, 2005, Cosan's board of directors approved the distribution of stock options corresponding to 4,302,780 common shares, or 3.25% of Cosan's total share capital. A remaining 1.75% of Cosan's share capital may subsequently be issued pursuant to the terms of Cosan's stock option plan. The stock options that were issued have an option price of US\$2.93 per common share, and may be partially exercised (up to a maximum of 25% annually) after November 18, 2006. On November 20, 2006, Cosan's board of directors approved the issuance of 1,132,707 new common shares to certain of Cosan's executive officers under Cosan's stock option plan, which resulted in an increase in the number of Cosan's issued and outstanding common shares on that date. On September 11, 2007, Cosan's board of directors granted 450,000 options to one of Cosan's executive officers. On November 19, 2007 and December 11, 2007, 922,947 and 38,725 options, respectively, were exercised. On March 30, 2010 and September 14, 2010, 17,000 and 48,829 options were exercised. On January 29, 2010, 15,000 options were exercised. On July 20, 2010, 225,000 options were exercised. On November 11, 2010, 224,819 options were exercised. On March 4, 2011, 112,500 options were exercised. All options in connection with this plan have been exercised.

A new stock option plan was approved by Cosan's General meeting, held on July 29, 2011. On August 18, 2011, the Board of Directors deliberated that 12,000,000 common shares were inserted in the first program of Stock Option Plan in which was established that the exercise right would be effected as from August 18, 2012. See note 34 to our audited consolidated financial statements for more information.

If a holder of stock options ceases to be an executive officer, manager or eligible employee for any reason (other than redundancy, death, retirement or permanent incapacitation), after partially exercising his or her option to purchase Cosan's common shares, the options that have not yet been exercised will be extinguished as of the date that the holder ceases to be an executive officer, manager or eligible employee.

Cosan stock options held by Cosan's executive officers may, at their option, be canceled and converted into awards of Cosan Limited, and as a result, we will comply with the limit of shares we have reserved for our equity incentive plan. Cosan's stock options will be converted based upon a ratio equal to the initial offering price of our common stock, divided by the weighted average stock price of Cosan's common stock for a specified period immediately preceding the date of the completion of our initial public offering. The converted securities, if unvested, generally will continue to vest over their original vesting periods.

On May 21, 2013, was approved by the Board of the Company, the second program of Stock Option Purchase or Subscription of Shares - Calendar Year 2013, determined that the beneficiaries may purchase or subscribe common shares of the Company, with grants of up to 1 million shares, which options may be exercised after at least five years from its approval by price of R\$ 45.22 per share, to be restated by the IPCA index - National Broad Consumer Price, calculated by the IBGE, until effective date of subscription or purchase.

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Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

Cosan Limited

As of the date of this transition report our authorized share capital is US\$11,888,863.60, consisting of 1,000,000,000 class A common shares, par value US\$0.01 per share, 96,332,044 class B series 1 common shares, par value US\$0.01 per share and 174,355,341 class A common shares, par value US\$0.01 per share. Each of our class A common shares entitles its holder to one vote. Each of our class B common shares entitles its holder to ten votes. The chairman of our board of directors, Mr. Rubens Ometto Silveira Mello controls 38.3% of our issued and outstanding share capital, and 85.3% of our voting power by virtue of his control of 100% of our class B common shares and 4.2% of our class A common shares. Other than the entities and individuals mentioned below, no other single shareholder holds more than 5.0% of our issued and outstanding share capital.

The following table sets forth the principal holders of our issued and outstanding share capital and their respective shareholding as of the date of this transition report:

Shareholders	Class A Common Shares		Class B Common Shares		Total Number of Shares	
		%		%		%
Queluz Holdings Limited	5,241,111	3.01	66,321,766	68.85	71,562,877	26.44
Usina Costa Pinto S.A.	—	—	30,010,278	31.15	30,010,278	11.09
MSOR Participações	1,811,250	1.04	—	—	1,811,250	0.67
Usina Bom Jesus	255,000	0.15	—	—	255,000	0.09
Gávea Funds (1)	22,384,370	12.84	—	—	22,384,370	8.27
Others	144,663,610	82.97	—	—	144,663,610	53.44
Total	174,355,341	100.0	96,332,044	100.0	270,687,385	100.0

(1)Based on information filed by Gávea Investimentos Ltda, GIF Venus, Ltd. and Armino Fraga Neto.

No class B series 2 common shares are currently issued and outstanding.

Controlling Group: Queluz Holdings Limited, Costa Pinto, MSOR Participações S.A. and Usina Bom Jesus S.A. Açúcar e Alcool

On November 24, 2009, a corporate reorganization was approved within companies from our controlling group (Aguassanta Participações S.A., Queluz Holdings Limited, or “Queluz,” and Usina Bom Jesus S.A. Açúcar e Alcool), intended to consolidate their control with Mr. Rubens Ometto Silveira Mello.

This reorganization resulted in the transference by an affiliate of Queluz of up to approximately 5,500,000 class A common shares issued by Cosan Limited, that did not exceed 1% of total Class A shares, pursuant to Securities Act Rule 144 and other applicable provisions. Its class B share position remained unaltered.

Queluz Holdings Limited and Costa Pinto own all of our class B series 1 common shares. Queluz Holdings Limited, MSOR Participações S.A. and Usina Bom Jesus S.A. Açúcar e Alcool also hold in aggregate 4.2% of our class A common shares. These companies are indirectly controlled by Mr. Rubens Ometto Silveira Mello, the chairman of our board of directors through several companies controlled directly and indirectly by him. Although the control is exercised by Mr. Rubens Ometto Silveira Mello, there are some family members and other individuals who are also

beneficial owners of minority interests in these companies.

Cosan S.A.

As of December 31, 2013, we owned 62.30% of Cosan's common shares. Prior to our initial public offering, Usina Costa Pinto S.A. Açúcar e Álcool and Aguassanta Participações S.A., each company indirectly controlled by our chief executive officer, Mr. Rubens Ometto Silveira Mello and his family, were the controlling shareholders of Cosan.

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Rezende Barbosa

On June 18, 2009, Cosan entered into an agreement with Rezende Barbosa to acquire 100% of the outstanding shares of Curupay S.A. Participações, or “Curupay.” The acquisition was carried out through the merger of Curupay into Cosan resulting in the issuance by Cosan of 44,300,389 new common shares, fully subscribed and paid-in by Rezende Barbosa.

Pursuant to an agreement dated June 9, 2009, the Rezende Barbosa Family has the right to have one member on both the supervisory board and the board of directors. Cosan Limited has, subject to limited exceptions, a right of first refusal on shares of Cosan (CSAN3) owned by the Rezende Barbosa family.

Cosan Portuária

On February 8, 1999, São Francisco and Tate & Lyle do Brasil Serviços e Participações S.A., or “Tate & Lyle,” entered into a shareholders’ agreement that governs the rights of the shareholders of Cosan Portuária (formerly São Francisco Operadora Portuária de Granéis Ltda.). In April 2004, Cosan acquired 90.0% of the outstanding capital stock of Cosan Portuária through a Cosan capital increase in the amount of US\$1.5 million, which was fully subscribed by Cosan’s shareholder, São Francisco, using shares that it held at Cosan Portuária.

Cosan has signed a memorandum of understanding dated April 9, 2008 with Rezende Barbosa with the intention of merging into a new entity the port terminal facilities of Cosan Portuária with those at the neighboring site of Teaçü Armazéns Gerais S/A, owned by Rezende, or the “merged entity.” Cosan asked Tate & Lyle to provide its approval as the minority shareholder in Cosan Portuária to the arrangements. Tate & Lyle’s and Cosan’s equity interests in the merged entity would be held by a holding company owned by Cosan and Tate & Lyle. Because of the creation of the holding company, Cosan and Tate & Lyle entered into a shareholders’ agreement with respect to the holding company named COPSAPAR Participações S/A in order to govern: (1) the election of the board of directors; (2) the exercise of voting rights in general shareholder meetings and meetings of the board of directors; and (3) the preemptive rights of shareholders.

On April 13, 2010, Tate & Lyle, through a Share Purchase Agreement, sold its entire stake on Copsapar Participações S/A to Bunge Açúcar e Bioenergia Ltda, that had, on the same date, agreed to replace Tate & Lyle on the shareholder agreement with respect to Copsapar Participações S.A.

Rumo

On September 2, 2010, Novo Rumo, Cosan, Cosan Limited and investment vehicles controlled by TPG and Gávea entered into a shareholders’ agreement that regulates the rights of the shareholders of Rumo Logística and on the same date the parties have entered into a subscription agreement in which Gávea and TPG agreed to subscribe common shares of Rumo Logística representing a 25% ownership for a price of R\$400 million, implying a post-money equity valuation of R\$1,600 million. In accordance to the shareholders agreement, Rumo Logística will have a board of directors of five members and Gávea and TPG will have the right to appoint two of the directors. Pursuant to the agreement, (1) Gávea and TPG will have the right to participate, through at least one representative, in all board committees and certain other relevant committees of Rumo Logística; (2) any decision regarding Rumo Logística or any of its subsidiaries will be determined by a simple majority vote; (3) Gávea and TPG will have rights of first refusal; (4) Gávea and TPG will have tag along rights.

TEAS

Cosan and Cargill Agricola S.A. entered into a shareholders' agreement with respect to TEAS Terminal Exportador de Álcool de Santos S.A., or "TEAS," dated as of February 15, 2005 and amended on November, 26, 2009, that provides for, among other things, the right of first refusal of the shareholder to acquire the shares of TEAS owned by the other shareholder, in the event such party decides to sell its shares to a third party.

Cosan's stake on TEAS, on April 2011, was contributed to Raízen, the Joint Venture established between Cosan and Shell.

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RADAR

In August 2008, Cosan entered into a shareholders' agreement with TIAA - CREF regarding its subsidiary Radar Propriedades Agrícolas S.A., whose corporate purpose is to identify and acquire rural properties with high appreciation potential for subsequent leasing and/or sale. Cosan currently holds approximately 37.7% of RADAR's capital, with the remaining 62.3% being divided among other investors part of TIAA - CREF group. According to the shareholders' agreement, COSAN retains the majority of votes on RADAR's Board of Directors, thereby retaining control of the company. In addition, COSAN has a 10-year option to subscribe 20% of RADAR's capital stock for the same amount as the initial capitalization.

CTC

In January 2013, Cosan entered into an agreement to sell its ownership stake in CTC to Raízen Energia S.A. for the amount of R\$51.1 million, paid in a single installment upon the delivery of 73,102 common shares representing 11.523% of CTC's equity.

Tellus

On July 1, 2011 Cosan has entered into a shareholders' agreement with TIAA - CREF in order to govern certain of their rights, duties and obligations as shareholders of Tellus Brasil Participações S.A.

Comma

On July, 3, 2012 Cosan entered into the European lubricants & specialties market by signing a sale and purchase agreement with Esso Petroleum Company to acquire Comma Oil & Chemicals Limited. The value of the transaction, after all adjustments, was less than US\$100 million. Comma continued to operate in the ordinary course under the Comma brand, manufacturing and selling Comma-branded and private label products following the change in control, in order to facilitate Cosan's entry into the European lubricants market.

Comgás

On November, 5, 2012 Cosan concluded the acquisition of 60.05% of Companhia de Gás de São Paulo - Comgás from BG Group for R\$3.4 billion. Shell is part of the ownership group, holding 18.20% of Comgás's shares, with 21.75% of Comgás held publicly.

ALL

On February 24, 2014, the Company, through its subsidiary Rumo, submitted to ALL – América Latina Logística S.A. ("ALL") a binding proposal for the incorporation of ALL by Rumo. The proposal entails the merger of all the shares issued by ALL, of which the current shareholders of Rumo and ALL will be allotted 36.5% and 63.5%, respectively, of the capital stock of the combined company.

According to the proposal, Cosan will appoint the majority of the board of directors of the combined company. ALL shall submit the proposal for approval of its board of directors within 40 days from that date. If the proposal is approved, the board of directors of ALL must summon the shareholders meeting, which will be held within 30 days, to vote on the stock merger.

The association is subject to certain conditions precedents, notably the following: (i) Rumo must get registered as a publicly held company and, simultaneous to the operation, join the Novo Mercado segment of BM&FBovespa; (ii)

obtain the regulatory approvals from Brazil's antitrust agency CADE (Administrative Council for Economic Defense) and the National Land Transport Agency (ANTT) and (iii) obtain all corporate and third-party approvals required by applicable laws and the bylaws of the companies.

Shareholders' Agreements and Other Arrangements

Shell and Cosan have entered into other definitive agreements, among others, concerning the scope of the Joint Venture, the governance and management of the Joint Venture and the granting of reciprocal put

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and call options concerning their interests in the Joint Venture. Each of these agreements was entered into on June 1, 2011.

The shareholders' agreements for Raízen Energia and Raízen Combustíveis establish the scope and governance of the Joint Venture, as well as its dividend policy. The agreements provide that the scope of the Joint Venture is the global production of sugar cane-based ethanol and sugar and the distribution, commercialization and sale of fuel products within Brazil. Cosan, Shell and their respective affiliates are prohibited from competing with the Joint Venture as long as they remain shareholders of the Joint Venture (subject to customary exceptions).

The shareholders' agreements provide that the Joint Venture will be governed by supervisory boards that are composed of six members: three nominated by Cosan, with Mr. Rubens Ometto Silveira Mello acting as chairman, and three nominated by Shell. Most decisions by the supervisory boards require a quorum of two members and are generally made by a majority present and voting. Certain significant matters, however, will require the consent of five of the six or four of the six members, as the case may be.

The matters which require the consent of five of the six or four of the six members include but are not limited to the following:

- setting the general strategic guidelines and direction for the Joint Venture and amending and updating the Joint Venture's business plan;
 - appointing, removing or terminating members of the executive board;
 - determining the compensation and benefits of certain employees;
 - amending key policies and procedures of the Joint Venture;
 - adopting or amending the annual and capital budgets;
- instituting or settling any litigation or dispute in excess of a specified sum or which could damage the reputation of the Joint Venture, Cosan or Shell;
- selling, assigning, transferring or encumbering assets of the Joint Venture outside of the ordinary course of business in excess of a specified amount;
- entering into transactions (including mergers, stock purchases or asset purchases) of which the value or purchase price exceeds a specified amount;
 - making capital expenditures in excess of a specified amount, subject to certain exceptions;
- submitting any matters, including financial statements and reports, to the meeting of the Joint Venture's shareholders;
- entering into any contract, agreement or instrument outside of the ordinary course of business and that provides for payments in excess of a specified amount;
- entering into material amendments, modifications or waivers or terminating any contract where payment obligations exceed a specified amount;

- making any decision to borrow money or guarantee the payment or performance of any obligation in excess of a specified amount or to prepay indebtedness of a specified amount;
- creating any encumbrance over or the issuance of any Joint Venture securities or any option relating to any Joint Venture securities, subject to certain exceptions;
- approving the credit limits or the extension of credit to any customer of the Joint Venture in excess of a specified amount; and
 - entering into, amending, terminating or renewing any insurance policy.

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If the supervisory boards cannot reach a decision with respect to a matter that is their responsibility, one representative of Cosan and one representative of Shell will meet to attempt to resolve the matter. Any decision by these shareholder representatives must be unanimous. If the shareholder representatives cannot reach a joint decision, no decision would be taken or effected and the status quo would prevail.

Additionally, certain matters require the consent of the shareholders of the Joint Venture. These matters include, but are not limited to, removal of any member of a supervisory board; approval of supervisory board resolutions relating to dividend payments; approval of management accounts and financial statements; amendments to the by-laws of Raízen Energia or Raízen Combustíveis; and issuance of securities by the Joint Venture.

The shareholders' agreements provide that a shareholder may lose certain governance rights if it fails to make capital contributions that may be required pursuant to the shareholders' agreements or to make certain payments required pursuant to the Framework Agreement. If the delinquent party pays or contributes such amounts in full within a specified cure period, the respective governance rights of the shareholders are returned to their original state prior to any such delinquency.

The day-to-day management of the Joint Venture is conducted by the executive boards, composed of a chief executive officer and other senior executive officers. The shareholders' agreements set forth the various functions and responsibilities of the chief executive officer and senior management, as well as the actions that may be taken by the executives without the approval of the relevant supervisory board.

Cosan and Comgás Shareholders Agreement

Cosan S.A. and Integral Investments B.V., or Integral, have entered into a Comgás shareholders' agreement dated December 19, 2012. The shareholders agreement establishes the scope and governance of Comgás, as well as its dividend policy. The scope of such agreement is to define the terms and conditions that will regulate the relationship between the parties as shareholders of Comgás, in particular with respect to (1) the voting rights related to the relevant shares (86,169,586 shares issued by Comgás owned by the Parties), including the voting rights of each party exercisable at shareholders' meetings, meetings of the board of directors, meeting of the audit committee, and officers' meetings of Comgás; and (2) general matters concerning Comgás corporate governance.

Comgás will be managed by a board of executive officers and a board of directors. Decisions related to Comgás' business administration will be approved by its board of executive officers, within the limits conferred by the board of directors and Comgás' by-laws.

Comgás will have an audit committee which will be installed according to its by-laws and the Brazilian Corporate Law. Cosan's representative shall be nominated as chairman of the board of directors. The parties shall be entitled to nominate one member of the board of directors for each 10% interest of the relevant shares.

The parties shall be entitled to nominate one member of the audit committee for each 16% interest of the relevant shares. The executive officers shall be nominated for a two-year term, renewable for additional two-year terms, without limitations.

The Parties shall attend the preliminary meetings (the meeting of the controlling shareholders to resolve principal affairs related to Comgás business), in which they: (1) must vote together in block; (2) may discuss and decide about the nomination of members of the board of directors, executive officers, audit committee, as well as give instructions about the election of executive officers by the board of directors; and (3) may decide and support the way the representatives must exercise the voting right.

Each party has the right to nominate up to two members of the preliminary meeting. The chairman of the preliminary meeting shall be a member nominated by Cosan. Members of Cosan board of directors may be invited to attend h their opinion, but they will not be able to vote.

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Cosan Limited

Aguassanta and Costa Pinto, our indirect controlling shareholders, entered into a shareholders' agreement pursuant to which they undertake to vote jointly with respect to any matter related to us and our subsidiaries. Aguassanta and Costa Pinto have agreed to meet before any shareholders' or board of directors meeting to reach an agreement as to their votes regarding such matters. The vote of the indirect shareholder that owns a greater equity stake in Cosan Limited shall prevail.

B. Related Party Transactions

We engage in related party transactions with certain of our affiliates, some of which are of a recurring nature. Financial information with respect to certain material related party transactions is set forth in note 10 to our consolidated financial statements attached hereto.

Our board of directors delegates to the audit committee the responsibility for reviewing and approving all related party transactions (within the meaning of Item 404 of Regulation S-K of the SEC). The audit committee is responsible for obtaining information from our directors, executive officers and major shareholders with respect to related party transactions and for then determining, based on the facts and circumstances, whether our company or a related party has a direct or indirect material interest in the transaction. As required under SEC rules, transactions that are determined to be directly or indirectly material to our company or a related party has been disclosed herein.

In October 2008, a private placement of the Company's class A shares was made in the amount of R\$96 million (US\$50 million) by the controlling shareholder, Mr. Rubens Ometto Silveira Mello, and R\$288.1 (US\$150 million) by the funds managed by Gávea Investimentos Ltda., at R\$8.6 (US\$4.50) per class A share or BDR subscribed. The offering was extended to all class A share or BDR holders, as permitted by applicable law. The offering was concluded on October 27, 2008. As a result and following the date of the acquisition, Mr. Rubens Ometto Silveira Mello holds 41.5% of the Company's total capital and 86.1% of its voting capital.

In the normal course of business, we have operational and financing transactions with related parties. The significant related party balances and transactions are described in note 9 of our financial statements included elsewhere in this transition report.

Guarantees with Related Parties

As a result of Cosan's participation in the PESA federal government financing program between 1998 and 2000, Amaralina mortgaged land to secure the restructuring of Cosan's debt, and Agrícola Ponte Alta and Pedro Ometto S.A. mortgaged land to secure the restructuring of the debt of Da Barra.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements."

Legal Proceedings

We are party to numerous legal proceedings as further described below and in note 22 of our audited consolidated financial statements for further information.

Probable Losses

In the ordinary course of our business, we are party to a number of legal proceedings for which we deem the risk of loss as probable for which we have recorded provisions in an aggregate amount of R\$722.5

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million as of December 31, 2013. Provisions relating to probable losses are categorized into tax, civil and labor, described below.

Tax. We recorded provisions of R\$410.9 million for tax proceedings as of December 31, 2013. The principal tax proceedings are described below. For more information on other tax proceedings where provisions relating to probable losses are recorded, see note 22 of our audited consolidated financial statements for further information.

CLE filed a suit to challenge the balance sheet restatement index (IPC) established by the federal government in 1989, on the basis that such index did not reflect actual inflation at such time. The use of this index led CLE to overstate and overpay its corporate income taxes. CLE obtained a favorable preliminary court ruling that allowed it to recalculate the financial position using indexes that accurately measured the inflation over the period. In doing so CLE adjusted the amounts of corporate income taxes payable and identified that overpayments for such taxes were offset in subsequent years until 1997. Despite the favorable court rulings, tax authorities issued a notice of infringement to CLE challenging all of the taxes that were offset. No judicial deposits were made for these proceedings. The provision for this proceeding was R\$74.9 million as of December 31, 2013. This proceeding was decided favorably to the Company and that provision was reverted at the period ended March 31, 2014.

During the period from October 2003 to November 2006 the subsidiary Cosan CL offset the FINSOCIAL tax with several other federal taxes, based on a final court decision in September 2003 following a decision that challenged the constitutionality of the FINSOCIAL tax. No judicial deposits were made for these proceedings. The provision for this proceedings was R\$230.8 million as of December 31, 2013.

INSS – it mainly includes amounts related to social security contributions levied on income, pursuant to art. 22a of Law 8.212/91, the constitutionality of which is being challenged in court. Judicial deposits have been made for the corresponding amounts. The provision for this proceeding was R\$46.3 million as of December 31, 2013.

A considerable portion of the amount accrued as ICMS was paid in cash under the provisions of Decree N° 58,811 issued on December 27, 2012, which established the State of São Paulo Special Installment Program of ICMS (PEP-ICMS). The amounts that have been provisioned refer to tax assessments by the tax authorities related to several types of ICMS credits. Amongst them: (a) assessment notice related to ICMS payments in the purchase of raw materials which are considered for “use and consumption”, therefore, not eligible for compensation, (b) assessment, as solidary debtor, for disregarding withholding obligations of ICMS taxes in relation to a tolling agreement, arising from an agricultural partnership signed between the Company’s sugarcane plants and Central Paulista Ltda. Açúcar e Alcool. The provision for ICMS credits was R\$20.1 million as of December 31, 2013.

Civil claims. Cosan and its subsidiaries are parties to a number of civil legal claims related to (1) indemnity for material and moral damages; (2) public civil claims related to sugarcane stubble burning; and (3) environmental matters. Provisions for civil claims as of December 31, 2013 amounted to R\$146.0 million.

Labor claims. Cosan, its subsidiaries and jointly-controlled entities are also parties to a number of labor claims filed by former employees and service providers challenging, among other factors, the payment of overtime, night shift premium and risk premium, recognition of employment relationships, reimbursement of discounts from payroll, such as social contribution and trade union charges. Additionally, we are involved in several labor administrative and judicial proceedings such as labor investigations and class actions filed by the labor prosecutor’s office regarding alleged non-compliance with certain labor regulations, including work and safety rules, labor conditions and work environment, and social assistance plans. Moreover, we entered into certain consent orders (Termos de Ajustamento de Conduta) with Brazilian authorities and in the event we fail to comply with such consent orders, we could be subject to fines. Provisions for labor claims as of December 31, 2013 amounted to R\$165.6 million.

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Possible Losses

In addition, there are currently certain legal proceedings pending in which we are involved for which we have not recorded provisions, as we deem the likelihood of loss as possible. If any of these legal proceedings is decided adversely against us, our results of operations or financial condition could be materially and adversely affected. The aggregate amount involved in proceedings relating to possible losses as of December 31, 2013 amounted to R\$6,022.3 million of which R\$4,687.3 million, R\$832.3 million and R\$502.7 million were related to tax, civil and labor claims respectively. For further information see note 22 of our consolidated financial statements as of December 31, 2013.

Other Proceedings

In accordance with court orders concerning certain tax, civil and labor lawsuits, we had bank judicial deposits in an aggregate amount of R\$361.6 million as of December 31, 2013.

In 2009, the Brazilian Government created a tax amnesty and refinancing program, permitting taxpayers to settle their federal tax debts under previous refinancing programs, and other federal taxes subject to court disputes, with discounts on penalties and interest, and pay the balance in installments (“REFIS”). On June 28, 2011, CLE, as successor to Esso Brasileira de Petróleo Ltda., joined the tax amnesty and refinancing program upon request of ExxonMobil Brasil Holdings B.V. (“ExxonMobil”), the entity that is legally responsible for the tax contingencies existing up to the date of acquisition of Essobrás by us. As of December 31, 2013, the outstanding balance of REFIS was of R\$309.4 million.

In October 10, 2013, ALL – América Latina Logística S.A. (“ALL”), issued a press release announcing that it has initiated legal actions in relation to the contracts entered with Rumo. Rumo, on the other hand, filed a request for arbitration against ALL, among other administrative and judicial measures to enforce their contractual rights and to request that ALL complies with the terms of the agreement signed in 2009, as amended, including the 4th and 5th amendment signed on May 31, 2013. There are no judicial decisions suspending the validity of the contracts signed between ALL and Rumo.

As of December 31, 2013, Rumo has recorded accounts receivable from ALL amounting to R\$ 225,401 (R\$ 73,627 on March 31, 2013) for services provided under the agreements in accordance with IAS 18 - Revenue. Additionally, some compensation, amounting to R\$ 61,069, including penalties and interest, were not recognized because they have not yet fulfilled all the criteria for revenue recognition.

Dividends and Dividend Policy

Dividend Rights

Cosan Limited is a holding company and can only pay dividends to the extent, if any, that funds are received from our subsidiaries. Our dividend policy is similar to the current dividend policy of our main subsidiary, Cosan S.A. Brazilian corporate law requires that the bylaws of a Brazilian company specify a minimum percentage of the available income for the annual distribution of dividends, known as the mandatory dividend, which must be paid to shareholders as either dividends or interest attributable to shareholders’ equity. We intend to pay cash dividends representing on an annual basis 25% of our annual consolidated net income, to holders of class A common shares and class B common shares in proportion to the number of shares held by them unless our board of directors has determined, in its discretion, that such distribution would not be advisable or appropriate in light of our financial condition or we are unable to meet applicable statutory solvency requirements under Bermuda law.

Our board of directors may, in its discretion, amend or repeal our dividend policy. You may not receive the level of dividends provided for in the dividend policy or any dividends at all due to a number of factors, such as:

- we are a holding company, and therefore, our ability to pay dividends will depend on our ability to receive distributions from our subsidiaries, particularly our subsidiary Cosan S.A.;

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- our subsidiaries may become subject to covenants restricting their ability to distribute dividends under credit facilities, term loans or other indebtedness;
 - any imposition of restrictions on conversions and remittances by the Brazilian government could hinder or prevent us from converting into U.S. dollars or other foreign currencies and remitting abroad dividends of our Brazilian subsidiaries;
 - our shareholders have no contractual or other legal rights to dividends pursuant to Bermuda law; and
- we may not have sufficient cash to pay dividends due to changes in our operating earnings, working capital requirements and anticipated cash needs.

Under Bermuda law, a company's board of directors may declare and pay dividends from time to time unless there are reasonable grounds for believing that the company is or would, after the payment, be unable to pay its liabilities as they become due or that the realizable value of its assets would thereby be less than the aggregate of its liabilities and issued share capital and share premium accounts. Under our by-laws, each class A common share and class B common share is entitled to dividends if, as and when dividends are declared by our board of directors, subject to any preferred dividend right of holders of any preference shares. There are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in or out of Bermuda or to pay dividends to U.S. residents who are holders of our common shares.

We expect to have sufficient available cash to pay dividends in accordance with our dividend policy. We do not, however, plan to pay dividends in the event that we do not generate sufficient cash from operations. In addition, we will not pay dividends if we believe that such payment will limit or preclude our or our subsidiaries' ability to pursue growth opportunities. Although our by-laws and Cosan's by-laws do not restrict us from borrowing funds to pay dividends, we do not intend to borrow funds to pay dividends.

The dividend rights attaching to our class A common shares and class B common shares are not cumulative in the event that we do not, for any reason, pay dividends on those shares.

Any cash dividends payable to holders of our common shares quoted on the NYSE will be paid to Mellon Investors Services LLC, our transfer agent in the United States, for disbursement to those holders.

Cosan S.A. Dividend Policy

Brazilian corporate law and Cosan's by-laws require that Cosan distributes annually to its shareholders a mandatory minimum dividend, unless Cosan's board of directors notifies the shareholders that such distribution is not advisable in light of Cosan's financial condition as reflected in Cosan's consolidated financial statements. The basis of the mandatory dividend is a percentage of the net income, as adjusted pursuant to the Brazilian Corporate Law. Under our bylaws, a minimum of 25.0% of our adjusted net income should be intended for the distribution and payment to our shareholders as mandatory dividend. However, the payment of mandatory dividends to our shareholders may be limited to the amount of realized net income in a given year, provided the difference is recorded as an unrealized income reserve.

We are required by the Brazilian Corporate Law and our bylaws to hold an annual shareholders' meeting no later than four months after the end of each fiscal year, at which time the allocation of the results of operations in any year and the distribution of an annual dividend are reviewed. The distribution of annual dividends is based on our audited financial statements prepared for the immediately preceding fiscal year.

Calculation of Adjusted Net Income

At each annual shareholders' meeting, our board of directors is required to recommend how to allocate our net income for the preceding fiscal year, which recommendation our board of executive officers initially submits to our board of directors for approval.

This allocation is subject to approval by our common shareholders. The Brazilian Corporation Law defines "net income" for any fiscal year as our net income after income taxes for that fiscal year, net of any

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accumulated losses from prior fiscal years and any amounts allocated to employees' participation in our net income in that fiscal year. Under the Brazilian Corporation Law, our adjusted net profit available for distribution are equal to our net profit in any fiscal year, reduced by amounts allocated to our legal reserve and other applicable reserves, and increased by any reversals of reserves that we constituted in prior years.

Reserve Accounts

Under the Brazilian Corporation Law and our by-laws, we are required to maintain a legal reserve. In addition, we are permitted by the Brazilian Corporation Law to establish the following discretionary reserves:

- a contingency reserve for an anticipated loss that is deemed probable in future years. Any amount allocated in a previous year must be reversed in the fiscal year in which the loss had been anticipated if the loss does not occur as projected or charged off in the event that the anticipated loss occurs;
- a reserve for investment projects, in an amount based on a capital expenditure budget approved by our shareholders;
 - an unrealized income reserve; and
 - a tax incentive investment reserve, included in our capital reserve accounts, in the amount of the reduction in our income tax obligations due to government tax incentive programs.

Allocations to each of these reserves (other than the legal reserve) are subject to approval by our common shareholders voting at our annual shareholders' meeting.

The Brazilian Corporation Law provides that the legal reserve and the tax incentive investment reserve may be credited to shareholders' equity or used to absorb losses, but these reserves are unavailable for the payment of distributions in subsequent years.

The amounts allocated to the other reserves may be credited to shareholders' equity and used for the payment of distributions in subsequent years.

Joint Venture's Dividend Policy

The shareholders' agreement between Cosan and Shell also establish the dividend policy of the Joint Venture. The dividend policy states that the Joint Venture seeks to maximize the amount of profits to be distributed to its shareholders in a manner consistent with its leverage ratio objectives and capital investment requirements. The supervisory boards must propose, and the shareholders approve, an allocation of the net profit of the Joint Venture in accordance with the shareholders' agreements. The shareholders' agreements provide that net profit is subject to the following allocation order:

- first, up to 5% of net profit to the respective company's legal reserve, which may not exceed a specified amount, the lower of 20% of the respective company's capital stock or 30% of the capital plus any capital surplus;
- second, a variable amount of net profit to each shareholder based on certain tax attributes contributed by it to the Joint Venture; Cosan is entitled to receive preferential dividends equivalent to the amount of any tax savings from the amortization of goodwill it contributes to the Joint Venture. Similarly, Shell is entitled to receive preferential dividends equivalent to the amount of any tax savings from the amortization of accumulated losses that it contributes to the Joint Venture;

- third, a nominal amount of net profit to the holders of certain preferred shares;
- fourth, 1% of net profit to the shareholders;

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- fifth, a variable amount, capped at a specified percentage of net profit, to the respective company's statutory reserve for operations and projects, such amount not to exceed 80% of net profits or 80% of the respective company's share capital; and
- sixth, the distribution of the remaining amount of net profit to be determined by the shareholders.

Brazilian Taxation

Dividends paid by Cosan to us are currently not subject to withholding income tax in Brazil, to the extent that such amounts are related to profits generated since January 1, 1996. Brazilian tax laws permit Cosan to make distributions to shareholders of interest on shareholders' equity and treat those payments as a deductible expense for purposes of calculating Brazilian income tax and social contributions. For tax purposes, this interest is limited to the daily pro rata portion of the TJLP, as determined by the Central Bank from time to time, and the amount of the deduction is limited to the largest of (1) 50% of net income (after social contributions but before income tax and the amount to be distributed as interest on shareholders' equity) related to the period in respect of which the payment is made; and (2) 50% of the sum of retained profits and profit reserves as of the date of the beginning of the period in respect of which the payment is made. A payment to us of interest on shareholders' equity is subject to withholding income tax at the rate of 25%.

Dividends

On August 12, 2011, the board of directors approved the distribution of the entire dividend received by Cosan Limited from Cosan S.A. on August 31, 2011. The dividends were paid to shareholders for the fiscal year 2011 ended March 31, 2011 totaling US\$76,097,326.26 corresponding to US\$0.281126238 per common share or the equivalent to R\$0.46104709032 to holders of Brazilian depository receipts, without withholding income tax.

On August 27, 2012, the board of directors approved the distribution of the entire dividend received by Cosan Limited from Cosan S.A. on August 31, 2012. The dividends were paid to shareholders for the fiscal year ended March 31, 2012 totaling US\$77,385,210.58 corresponding to US\$0.285884067 per common share or the equivalent in reais to holders of Brazilian depository receipts, without withholding income tax.

On August 13, 2013, the board of directors approved the distribution of the entire dividend received by Cosan Limited from Cosan S.A. on August 13, 2013. The dividends were paid to shareholders for the fiscal year ended March 31, 2013 totaling US\$82,405,674.26 corresponding to US\$ 0.304431158 per common share or the equivalent in reais to holders of Brazilian depository receipts, without withholding income tax.

B. Significant Changes

None.

Item 9. The Offer and Listing

A. Offer and Listing Details

Prior to August 16, 2007, no public market existed for our class A common shares. Since August 16, 2007, our class A common shares have been listed on the NYSE and trade under the symbol "CZZ." The BDRs representing our class A common shares are listed on the BM&FBOVESPA and trade under the symbol "CZLT33."

The following information concerning the trading history of our class A common shares and BDRs representing our class A common shares is presented solely for informational purposes. This information should not be viewed as indicative of future sales prices for either our class A common shares on the NYSE or BDRs representing our class A common shares on the BM&FBOVESPA. Actual future sales prices for our class A common shares and the BDRs are likely to be significantly different from their trading history.

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The following table sets forth the high and low closing sales prices for our class A common shares on the NYSE and the BDRs representing our class A common shares on the BM&FBOVESPA for the periods indicated.

COSAN LIMITED CLASS A COMMON SHARES; TICKER: CZZ	NYSE (US\$ per common share)	
	High	Low
Fiscal Year Ended March 31, 2010	9.75	2.40
Fiscal Year Ended March 31, 2011	14.57	7.95
Fiscal Year Ended March 31, 2012	15.11	9.08
Fiscal Year Ended March 31, 2013	21.31	11.29
Nine-Month Period Ended December 31, 2013	20.95	13.20
Fiscal Quarter		
First Fiscal Quarter 2012	13.35	10.83
Second Fiscal Quarter 2012	12.82	9.44
Third Fiscal Quarter 2012	12.39	9.08
Fourth Fiscal Quarter 2012	15.11	11.10
First Fiscal Quarter 2013	15.23	11.29
Second Fiscal Quarter 2013	15.86	12.27
Third Fiscal Quarter 2013	17.31	15.42
Fourth Fiscal Quarter 2013	21.31	17.53
Three period ended June 30, 2013	20.95	15.34
Three period ended September 30, 2013	16.76	13.20
Three period ended December 31, 2013	16.13	13.46
Month		
October 2013	16.13	15.39
November 2013	15.90	14.42
December 2013	14.53	13.46
January 2014	13.54	11.56
February 2014	12.40	10.93
March 2014 .	12.15	10.45
April 2014 (through April 28, 2014)	12.71	11.53

Source: Bloomberg

COSAN LIMITED BDRs REPRESENTING CLASS A COMMON SHARES; TICKER: CZLT33	BM&FBOVESPA (reais per BDR)	
	High	Low
Fiscal Year Ended March 31, 2010	17.65	5.78
Fiscal Year Ended March 31, 2011	24.15	14.89
Fiscal Year Ended March 31, 2012	27.90	15.70
Fiscal Year Ended March 31, 2013	42.40	22.99
Nine-Month Period Ended December 31, 2013	43.00	31.22
Fiscal Quarter		
First Fiscal Quarter 2012	20.37	16.65

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Second Fiscal Quarter 2012	19.27	15.02
Third Fiscal Quarter 2012	21.86	16.67
Fourth Fiscal Quarter 2012	27.35	19.61
First Fiscal Quarter 2013	27.45	22.99
Second Fiscal Quarter 2013	32.50	24.80
Third Fiscal Quarter 2013	36.00	31.70
Fourth Fiscal Quarter 2013	42.40	35.89
Three-month period Ended June 30, 2013	43.00	34.69
Three-month period Ended September 2013	37.50	31.22
Three-month period Ended December 31, 2013	36.00	32.00

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COSAN LIMITED BDRs REPRESENTING CLASS A COMMON SHARES; TICKER: CZLT33	BM&FBOVESPA (reais per BDR)	
	High	Low
Month		
October 2013	36.00	33.80
November 2013	35.89	33.45
December 2013	34.50	32.00
January 2014	31.55	28.30
February 2014	29.69	27.31
March 2014 .	28.05	24.31
April 2014 (through April 28, 2014)	28.47	25.50

Source: Bloomberg

On March 31, 2014, the last reported closing sale price of our class A common shares on the New York Exchange and the BDRs representing our class A common shares on the BM&FBOVESPA were US\$11.48 and R\$25.93 per class A common share and BDR representing our class A common shares, respectively.

Trading History of Cosan's Common Shares

Prior to our initial public offering and the formation of our company, Cosan's common shares were listed on the Novo Mercado segment of the BM&FBOVESPA under the symbol "CSAN3." In April 2008, we offered to exchange our class A common shares in exchange for all of Cosan's outstanding common shares not owned by us or our affiliates, or the exchange offer. Because the exchange offer was completed and not all shareholders accepted our exchange offer, we did not, and do not expect to, seek delisting of Cosan's common shares from trading on the Novo Mercado. For more information regarding the exchange offer see our registration statement on Form F-4 (Registration No. 333-147235) filed by the Company with the U.S. Securities and Exchange Commission.

The following information concerning the trading history of Cosan's common shares is presented solely for informational purposes. This information should not be viewed as indicative of future sales prices for either our class A common shares on the NYSE or BDRs representing our class A common shares on the BM&FBOVESPA. Actual future sales prices for our class A common shares and the BDRs are likely to be significantly different from the trading history of Cosan's common shares.

The following table sets forth the high and low closing sales prices for Cosan's common shares on the BM&FBOVESPA for the periods indicated.

COSAN S.A. IND. E COM COMMON SHARES; TICKER: CSAN3	BM&FBOVESPA (reais per common share)	
	High	Low
Fiscal Year Ended March 31, 2010	25.60	10.08
Fiscal Year Ended March 31, 2011	28.85	18.00
Fiscal Year Ended March 31, 2012	34.01	19.13
Fiscal Year Ended March 31, 2013	47.99	28.47
Nine-Month Period Ended December 31, 2013	49.02	39.28

Fiscal Quarter

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First Fiscal Quarter 2012	25.71	20.38
Second Fiscal Quarter 2012	24.99	19.13
Third Fiscal Quarter 2012	27.45	22.54
Fourth Fiscal Quarter 2012	34.01	26.17
First Fiscal Quarter 2013	33.79	28.47
Second Fiscal Quarter 2013	37.15	29.45
Third Fiscal Quarter 2013	42.37	36.80

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COSAN S.A. IND. E COM COMMON SHARES; TICKER: CSAN3	BM&FBOVESPA (reais per common share)	
	High	Low
Fourth Fiscal Quarter 2013	47.99	42.11
Three-month Period Ended June 30, 2013	49.02	41.34
Three-month Period Ended September 30, 2013	44.00	39.90
Three-month Period Ended December 30, 2013	44.92	39.28
November 2013	44.66	42.18
December 2013	41.95	39.28
January 2014	38.74	35.25
February 2014	36.60	34.00
March 2014 .	35.26	32.80
April 2014 (through April 28, 2014)	38.73	35.10

Source: Bloomberg

On March 31, 2014, the last reported closing sale price of Cosan's common shares on the BM&FBOVESPA was R\$35.26 per share.

B. Plan of Distribution

Not applicable.

C. Markets

Our class A common shares are listed on the NYSE and trade under the symbol "CZZ." The BDRs representing our class A common shares are listed on the BM&FBOVESPA and trade under the symbol "CZLT33."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable

B. Memorandum and By-laws

General

We are a limited liability exempted company incorporated under the laws of Bermuda on April 30, 2007. We are registered with the Registrar of Companies in Bermuda under registration number EC 39981. Our registered office is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The objects of our business are set forth in our memorandum of association and provide that we have unrestricted objects and powers and rights including to:

- import, export, produce and sell ethanol, sugar, sugarcane and other sugar by-products;

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- distribute and sell fuel and other fuel by-products;
- produce and market electricity, steam and other co-generation by-products;
- render technical services related to the activities mentioned above; and
- hold equity interests in other companies.

There have been no bankruptcy, receivership or similar proceedings with respect to us or our subsidiaries.

Issued Share Capital

Under our by-laws, the holders of our class A common shares and class B common shares will be offered the preemptive right to purchase, in the first instance, on a pro rata basis according to their ownership interests, additional shares in the event of any increase in share capital. However, this preemptive right may be waived by (1) a majority of our board of directors in the case of an offering (whether or not registered under the Securities Act) or (2) a majority of the independent directors on our board of directors in any circumstance.

Pursuant to and in accordance with the Notice to the Public dated June 1, 2005 issued by the Bermuda Monetary Authority, there is no limitation on the right of non-residents of Bermuda to hold our shares as long as we remain listed on the NYSE.

Common Shares

Holders of class A common shares are entitled to one vote per share on all matters submitted to a vote of shareholders in general meeting. Holders of class B series 1 common shares or class B series 2 common shares are entitled to ten votes per share on all matters submitted to a vote of shareholders in general meeting, except as otherwise provided by our by-laws.

Except for the conversion provisions relating to our class B common shares, holders of our class A common shares and class B common shares have no redemption, conversion or sinking fund rights. Unless a different majority is required by law or by our by-laws, resolutions to be approved by holders of common shares require approval by a simple majority of votes cast at a meeting at which a quorum is present.

In the event of our liquidation, dissolution or winding-up, the holders of class A common shares and class B common shares are entitled to share equally and ratably in our assets, if any, remaining after the payment of all of our debts and liabilities, subject to any liquidation preference on any outstanding preference shares.

Preference Shares

Under our by-laws, we may, subject to the affirmative vote of a majority of our board of directors and, in certain circumstances as provided for in our by-laws, a majority of our class A common shares and class B common shares, each voting as a separate class, establish one or more series of preference shares having such number of shares, designations, dividend rates, relative voting rights, conversion or exchange rights, redemption rights, liquidation rights and other relative participation, optional or other special rights, qualifications, limitations or restrictions as may be fixed. Such rights, preferences, powers and limitations as may be established could also have the effect of discouraging an attempt to obtain control of us. There are no outstanding preference shares, and we have no present plans to issue any preference shares.

Dividend Rights

For information concerning dividend rights of our class A common shares, class B series 1 common shares and class B series 2 common shares, see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Policy.”

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Tag-along Rights

Following the consummation of our initial public offering, no person or group of persons (other than a holder of class B series 1 common shares) may, in a transaction or series of transactions, acquire, directly or indirectly, the beneficial ownership of class A common shares representing more than 15% of our issued and outstanding common shares from any person or otherwise acquire control over our company, unless the terms and conditions of such transaction or transactions include an offer by the acquiring person or group of persons to the holders of all other class A common shares or class B common shares to acquire at the option of each applicable shareholder, all or any part of the respective shares owned by such shareholder. The price per share paid by the acquiring person or group of persons will be equivalent to the greater of (1) the highest price per share paid by the acquiring person or group of persons to acquire any such class A shares representing 15% of our issued and outstanding common shares or control, as applicable and (2) a price determined based on an appraisal report. The tag-along tender offer must be launched promptly after closing of the sale that triggers application of the tag-along provision and be completed within 60 days after the consummation of the transaction or series of transactions. In the event that the tag-along tender offer is not completed within the 60-day period, the holder or holders of the shares acquired in the sale that triggered the preemption rights will not be entitled to vote such shares, and we will be entitled to compel such holder or holders to sell these shares to unaffiliated persons deemed acceptable by a majority of our board of directors at the lower of (A) the lowest acquisition price for the class A common shares and (B) the then prevailing market price on the NYSE or such other stock exchange which constitutes the principal market for the class A common shares on a date selected by our board of directors that is not more than ten trading days on the applicable exchange following the expiration of the 60-day period.

Conversion

Our class A common shares are not convertible into any other shares of our authorized share capital.

Each class B common share is convertible at any time after three years following our initial public offering (August 16, 2007), at the option of the holder, into one class A common share. In addition, each class B common share will, subject to limited exceptions applicable to class B series 1 common shares referred to below, automatically convert into one class A common share upon any transfer of its current beneficial ownership, whether or not for value.

Following the death of Mr. Rubens Ometto Silveira Mello or a determination by 66-2/3% of our board of directors based on the medical determination of two internationally-recognized certified physicians that he is permanently mentally incapacitated, the beneficial ownership of class B series 1 common shares may be transferred from him to his immediate family members without resulting in the automatic conversion of those shares into class A common shares. So long as class B common shares are issued and outstanding, in the case of death or permanent incapacitation of Mr. Rubens Ometto Silveira Mello, the following actions or events will be subject to approval by a majority of the then independent members of our board of directors, in addition to any other approval of shareholders or members of our board required by Bermuda law or our by-laws:

- appointment of the chief executive officer of our company or any of its subsidiaries (including successors thereof);
 - changes to the core business strategy of our company or any of its subsidiaries;
 - change name or corporate purpose of our company or any of its subsidiaries;
 - amendments to any rights of the class B series 1 common shares;
-

any recapitalization, stock split, combination, reclassification or similar action affecting equity interests in our company or any of its subsidiaries;

- redemption, capital reduction or other acquisition for value of any shares of equity interests in our company or any of its subsidiaries;

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- any transaction or series of transactions resulting in a spin-off, delisting, merger, amalgamation, reorganization or combination of or by our company or any of its subsidiaries with, or any acquisition of, another person involving an amount in excess of US\$250 million;
- any sale, lease, assignment, transfer or other disposition of assets valued in the aggregate, in excess of US\$250 million;
- any voluntary liquidation, reorganization, dissolution or winding-up of, or a voluntary filing for bankruptcy protection by our company or any of its subsidiaries;
- the approval of the limit of the compensation of members of the board of directors or executive officers of our company or any of its subsidiaries;
- the making of any investment in excess of US\$250 million other than investments in the ordinary course of business;
- entering into any Joint Venture, partnership or any similar arrangement other than in the ordinary course of business;
 - any related-party transactions;
 - the incurrence of any liens on properties valued, in the aggregate, in excess of US\$250 million;
 - amendment of the provisions of any of the foregoing actions or events; and
 - agreeing to, or otherwise committing to take, any of the foregoing actions.

Mr. Rubens Ometto Silveira Mello may also transfer his class B series 1 common shares to a trust, corporation, partnership or limited liability company in which he and, following his death or permanent incapacitation, a member or members of his immediate family, directly or indirectly, retain sole dispositive power and exclusive voting control with respect to such entity and the class B series 1 common shares held by such entity. In addition, any such trust, corporation, partnership, or limited liability company that directly holds class B series 1 common shares may distribute those shares to its respective partners, members or owners (which may further distribute the class B series 1 common shares to their respective partners, members or owners) without triggering a conversion to class A common shares, provided that Mr. Rubens Ometto Silveira Mello and, following his death or permanent incapacitation, his immediate family members continue to hold sole dispositive power and exclusive voting control over the class B series 1 common shares.

Class B common shares also will automatically convert into class A common shares when the aggregate outstanding class B series 1 common shares represent less than 45% of our total voting power in respect of the issued and outstanding share capital in the company. In addition, class B series 2 common shares will automatically convert into class A common shares if all the class B series 1 common shares convert into class A common shares.

Once transferred and converted into class A common shares, class B common shares will not be reissued. No class of common shares may be subdivided or combined unless the other class of common shares concurrently is subdivided or combined in the same proportion and in the same manner.

Transfer of Shares

Our board of directors may, in its discretion and without assigning any reason, refuse to register the transfer of a share that it is not fully paid. Our board of directors may also refuse to register the transfer of a share unless the instrument of transfer for such share is duly stamped (if required by law), is in respect of one class of shares, is in favor of less than 5 persons jointly and is accompanied by the relevant share certificate (if one has been issued) and such other evidence of the transferor's right to make the transfer as our board of directors shall reasonably require. Any transfer of beneficial ownership of class B series 1 common shares or class B series 2 common shares not registered with the company will be null and void. For a period of three years following our initial public offering (August 16, 2007), holders of our class B

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series 2 common shares may not transfer less than all of the class B series 2 common shares that they own. Subject to these restrictions as are more fully set out in our by-laws a holder of shares in the company may transfer the title to all or any of such holder's shares in the company by completing a form of transfer in such form as our board of directors may reasonably approve. The instrument of transfer must be signed by the transferor and transferee, although in the case of a fully paid share, our board of directors may accept the instrument signed only by the transferor. The board may also accept mechanically executed transfers.

Meetings of Shareholders

Under Bermuda law, a company is required to convene at least one general meeting of shareholders in each calendar year. Bermuda law provides that a special general meeting of shareholders may be called by the board of directors of a company and must be called upon the requisition of shareholders holding not less than 10% of the paid-up capital of the company as of the date of deposit carries the right to vote. Bermuda law also requires that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to, or the non-receipt of a notice by, any person entitled to receive notice does not invalidate the proceedings at the meeting. Our by-laws provide that the chairman of the Board may call an annual general meeting or a special general meeting. Special general meetings of the shareholders may also be convened by our board of directors.

Under our by-laws, at least 10 clear days-notice of an annual general meeting or a special general meeting must be given to each shareholder entitled to receive notice of such meeting. This notice requirement is subject to the ability to hold such meetings on shorter notice if notice is served pursuant to Bermuda law in the manner provided by the Companies Act 1981. The quorum required for a general meeting of shareholders is two or more persons present in person or by proxy and entitled to vote representing the holders of more than 45% of the aggregate voting power of the shares in the Company which by their terms carry the right to vote.

Any action required to be taken at a meeting of shareholders except in the case of the removal of auditors or directors may be taken without a meeting and without vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of issued and outstanding shares of the company, their proxy or corporate representative representing the percentage of votes required if the resolution had been voted on at a meeting of the shareholders. Notice of any resolution in writing shall be given to all shareholders entitled to attend a vote at a shareholder meeting.

Access to Books and Records and Dissemination of Information

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include the company's memorandum of association and any alteration to its memorandum of association. The shareholders have the additional right to inspect the by-laws of the company, minutes of general meetings and the company's audited consolidated financial statements, which audited financial statements must be presented at the annual general meeting unless waived in accordance with the provisions of the Companies Act 1981. The register of shareholders of a company is also open to inspection by shareholders and by members of the general public without charge. The register of shareholders is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of shareholders for not more than thirty days in a year). A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act 1981, establish a branch register outside Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the general public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

Election and Removal of Directors

Our by-laws provide that our board of directors must consist of between five and eleven directors or such greater number as the board may determine. Our board of directors currently consists of eleven directors. Our by-laws provide that at least 40% (and, following the death or permanent incapacitation of Mr. Rubens Ometto Silveira Mello, at least 60%) of the members of our board of directors must be

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independent (as defined by the rules promulgated by (1) the U.S. Securities and Exchange Commission under the Exchange Act and (2) by the NYSE or any other principal securities exchange on which the class A common shares are so listed).

Our board of directors is divided into three classes that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, and the terms are staggered so that the term of only one class of directors expires at each annual general meeting. There is also no requirement under Bermuda law or in our by-laws that our directors must retire at a certain age.

Any shareholder wishing to propose for election as a director a person who is not an existing director must give notice to the company of the intention to propose that person for election. The notice must be given not later than 90 days before the first anniversary of the last annual general meeting, or ten days after the notice of the general meeting at which the directors will be elected, whichever is earlier.

Our by-laws provide that a director may be removed with or without cause by a majority of the other directors then in office. Our by-laws also provide that a director may be removed for cause by the affirmative vote of the holders of a majority of the shareholder votes cast at a general meeting at which a quorum is present, provided notice is given to the director of the shareholders general meeting convened to remove the director. A director may be removed without cause upon the affirmative vote of the holders of a majority of the aggregate voting power of the shares of the Company which carry the right to vote on all matters submitted to shareholders, provided notice is given to the director of the general meeting convened to remove the director, which notice must contain a summary of the facts justifying the removal and must be served on the director not less than fourteen days before the meeting. As long as a director has made a written request deposited at the registered office of the Company pursuant to the Companies Act 1981, a director is entitled to attend the general meeting and be heard at any general meeting called for his removal.

So long as a quorum remains in office, our board of directors may fill any casual vacancy occurring.

Proceedings of Board of Directors

Our by-laws provide that our business is to be managed and conducted by our board of directors. Bermuda law requires that our directors be individuals, but there is no requirement in our by-laws or Bermuda law that directors hold any of our shares.

The remuneration of our directors is determined by our board of directors, and there is no requirement that a specified number or percentage of “independent” directors must approve any such determination. Our directors may also be paid all travel, hotel and other expenses properly incurred by them in connection with our business or their duties as directors.

Provided that he or she discloses a direct or indirect interest in any contract or arrangement with us as required by Bermuda law, our by-laws provide that a director is entitled to be counted in the quorum, but may not vote in respect of any such contract or arrangement in which he or she is interested. Under Bermuda law, a director (including the spouse or children of the director or any company (other than a company which is a holding company or a subsidiary of the company making the loan) of which such director, spouse or children own or control, directly or indirectly, more than 20% of the total capital or loan debt) cannot borrow from us without the consent of any shareholders holding in the aggregate not less than 90% of the total voting rights of all shareholders having the right to vote at any general meeting of the shareholders.

Waiver of Claims by Shareholders; Indemnification of Directors and Officers

Our by-laws contain a provision by virtue of which our shareholders waive any claim or right of action that they may have, both individually and on our behalf, against any director or officer in relation to any action or failure to take action by such director or officer, except in respect of any fraud or dishonesty of such director or officer. We understand that, in the opinion of the staff of the SEC, the operation of this provision as a waiver of the right to sue for violations of U.S. federal securities laws would likely be unenforceable in U.S. courts.

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Our by-laws also indemnify our directors and officers in respect of their actions and omissions, except in respect of their fraud or dishonesty.

Amalgamations and Other Business Combinations

Under Bermuda law, the amalgamation or other business combination of a Bermuda company with another company (other than certain affiliated companies), unless the by-laws otherwise provide requires the amalgamation or other business combination to be approved by a majority of the Bermuda company's board of directors and by a majority of 75% of those voting at the general meeting of the Bermuda company. The quorum for the shareholder approval is two persons holding or representing at least one-third of the issued shares of the Company.

Our by-laws provide that an amalgamation or other business combination (as defined in our by-laws) (other than with a wholly-owned subsidiary) that has been approved by our board of directors must only be approved by a majority of the votes cast at a general meeting of our shareholders at which the quorum must be two persons representing the holders of more than 45% of the aggregate voting power of the paid-up and outstanding shares carrying the right to vote. Any amalgamation or other business combination (as defined in our by-laws) not approved by our board of directors must be approved by resolution passed by 66 2/3% of all votes attaching to all shares then in issue entitling the holder to attend and vote on the resolution.

Specified Transactions Involving Interested Shareholders

Specified transactions include the following:

- any merger, consolidation or amalgamation of the Company with an interested shareholder;
- any disposition or security arrangement with or for the benefit of any interested shareholder involving any of our assets, securities or commitments or those of any subsidiary or any interested shareholder that has an aggregate fair market value and/or involves aggregate commitments of US\$250 million or more or constitutes more than 10% of the book value of the total assets or 10% of the shareholders equity of the entity in question;
- the adoption of any plan for our liquidation or dissolution or for the discontinuation into another jurisdiction, unless proposed or adopted independently of any interested shareholder; or
- any reclassification of our shares or other securities, or recapitalization, or any merger, consolidation or amalgamation with any of our subsidiaries or any other transaction that has the effect of increasing the proportionate share of any class of shares beneficially owned by an interested shareholder.

In addition to any affirmative vote required by law or our by-laws, a specified transaction with any interested shareholder will require the affirmative vote of not less than 66 2/3% of the aggregate voting power of the voting shares, voting together as a single class, excluding voting shares beneficially owned by any interested shareholder. Alternatively, a specified transaction may proceed with any affirmative vote required by law or our by-laws if the following principal conditions are satisfied in relation to common shares: (1) the approval of a majority of directors who are not affiliates of the interested shareholder; and (2) the aggregate amount of the cash and the fair market value as of the date of the consummation of the specified transaction of consideration other than cash to be received by the holder of common shares in such specified transaction shall be at least equal to the highest per share amount paid by the interested shareholder within a two-year period immediately prior to the first public announcement of the proposed specified transaction; or in the transaction in which he or she became such an interested shareholder (whichever is higher) or, if higher, the closing sales prices of such shares on the NYSE on the announcement date for the specified transaction or on the date of the transaction in which he or she became such an interested shareholder.

For purposes of our by-laws, an “interested shareholder” includes, among others, any person who is or has publicly disclosed an intention to become the beneficial owner of shares representing 10% or more of our aggregate voting power of the voting shares.

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Non-Competition Provision Applicable to Brazil

Our by-laws provide that we will operate and conduct business in Brazil exclusively through Cosan and its subsidiaries, and we will not compete, directly or indirectly, with Cosan in Brazil, unless otherwise approved by a majority of our independent directors.

Amendment of Memorandum of Association and By-laws

Bermuda law provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given.

Our by-laws provide that no by-law will be rescinded, altered or amended, unless it has been approved by a resolution of our board of directors and by a resolution of the shareholders. In the case of rescission, alteration or amendment to the by-laws relating to interpretation, rights of shares, modification of rights, indemnity of directors and officers, amalgamations and other business combinations, specified transactions involving interested shareholders, our discontinuation into another jurisdiction, tag-along rights and amendment or alterations of by-laws, the required resolutions must include the affirmative vote of at least 66 2/3% of our directors then in office and holders of at least 66 2/3% of class A common shares and at least a majority of class B common shares then in issue entitling the holder to attend and vote on the resolution, with each class voting separately as a class. In the case of rescission, alteration or amendment to the by-laws relating to the transmission of shares upon the death of a holder of class B series 1 shares, election of directors, the removal of directors, the increase of share capital and the alteration of share capital, the requisite affirmative votes are a majority of the directors then in office and holders of a majority of each of class A common shares and class B common shares then in issue entitling the holder to attend and vote on the resolution, with each class voting separately as a class.

Under Bermuda law, the holders of an aggregate of not less than 20% in par value of the company's issued and outstanding share capital or any class thereof and or the holders of not less in the aggregate than 20% of the company's debentures entitled to object to amendments to the memorandum of association have the right to apply to the Bermuda court for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment which alters or reduces a company's share capital as provided in the Companies Act 1981.

Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Bermuda court. An application for an annulment of an amendment of the memorandum of association must be made within twenty-one days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favor of the amendment.

Modification of Rights

While we have more than one class of shares and more than one series of class B common shares, the rights attaching to any class or series, unless otherwise provided for by the terms of issue of the relevant class or series, may be modified with the consent in writing of the holders or the approval of the votes cast at a general meeting representing not less than 66- 2/3 % of the aggregate voting power of the shares in issue and not less than 75% of the aggregate voting power of the issued shares of that class or series, as the case may be. The quorum for any such general meeting will be two or more persons holding or representing by proxy one-third of the voting power of the issued shares of the class or series, as the case may be. Our by-laws specify that the creation or issue of shares ranking equally with existing shares will not, unless expressly provided by the terms of issue of those new shares, vary the rights attached

to existing shares.

Appraisal Rights and Shareholder Suits

Under Bermuda law, in the event of an amalgamation of a Bermuda company with another company, a shareholder of the Bermuda company who is not satisfied that fair value has been offered for such shareholder's shares may apply to the Bermuda court to appraise the fair value of those shares within one month of the giving of the notice of the shareholders' meeting called to approve the amalgamation.

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Class actions and derivative actions are generally not available to shareholders under Bermuda law. Bermuda courts, however, may permit in certain circumstances a shareholder to commence an action in the name of a company to remedy a wrong to the company where the challenged act would allegedly be beyond the power of the company or illegal. In addition, consideration would be given by a Bermuda court to acts that would allegedly constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders' voting power than that which actually approved it.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some or all of the shareholders, one or more shareholders may apply to a Bermuda court, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

Capitalization of Profits and Reserves

Pursuant to our by-laws, our board of directors may capitalize any part of the amount of our share premium account or any reserve or fund which is available for distribution by either: (1) paying up unissued shares to be allotted on a pro rata basis to shareholders as fully paid bonus shares; or (2) paying up in full partly paid shares of those shareholders who would be entitled to such sums if they were distributed by way of dividend or other distribution (or partly in one way and partly the other) provided that a share premium account may be applied only in paying up of unissued shares to be issued to such shareholders as fully paid.

Untraced Shareholders

Our by-laws provide that our board of directors may forfeit any dividend or other monies payable in respect of any shares which remain unclaimed for six years. In addition, we are entitled to cease sending dividend warrants and checks by post or otherwise to a shareholder if such instruments have been returned undelivered to, or left uncashed by, such shareholder on at least two consecutive occasions or, following one such occasion, reasonable inquiries have failed to establish the shareholder's new address. This entitlement ceases if the shareholder claims a dividend or cashes a dividend check or a warrant.

Certain Provisions of Bermuda Law

We have been designated by the Bermuda Monetary Authority as a non-resident for Bermuda exchange control purposes. This designation allows us to engage in transactions only in currencies other than the Bermuda dollar, and there are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to U.S. residents who are holders of our common shares.

Pursuant to a Notice to the Public dated June 1, 2005, issued by the Bermuda Monetary Authority, the Bermuda Monetary Authority granted general permission for the issue and subsequent transfer of any shares of a Bermuda company to and between non-residents of Bermuda where any shares of the company are listed and remain so listed on an appointed stock exchange, which includes the NYSE. Approvals or permissions given by the Bermuda Monetary Authority do not constitute a guarantee by the Bermuda Monetary Authority as to our performance or our creditworthiness. Accordingly, in giving such permissions, the Bermuda Monetary Authority will not be liable for the financial soundness, performance or default of our business or for the correctness of any opinions or statements expressed in this transition report.

In accordance with Bermuda law, share certificates are only issued in the names of companies, partnerships or individuals. In the case of a shareholder acting in a special capacity (for example, as a trustee), certificates may, at the request of the shareholder, record the capacity in which the shareholder is acting. Notwithstanding such recording of

any special capacity, we are not bound to investigate or see to the execution of any such trust. We will take no notice of any trust applicable to any of our shares, whether or not we have been notified of such trust.

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Registrar or Transfer Agent

A register of holders of the class A common shares and class B common shares and any other issued share capital is maintained by Compass Administration Services Ltd. in Bermuda, and a branch register is maintained in the United States by Mellon Investor Services LLC, who serves as branch registrar and transfer agent.

Anti-takeover Effects Of Our By-laws

Our by-laws contain provisions that could make it more difficult for a third party to acquire us without the consent of our board of directors. These provisions provide, among other things, for:

- a classified board of directors with staggered three-year terms;
- restrictions on the time period in which directors may be nominated;
- the affirmative vote of a majority of our directors then in office and a majority of all votes cast at a general meeting or, if not approved by a majority of the directors in office, at least 66 2/3% of all votes attaching to all shares then in issue for amalgamation and other business combination transactions; and
- the tag-along rights described under “—Tag-Along Rights.”

C. Material Contracts

In July 2012, we acquired Comma Oil & Chemicals Limited, or Comma from Esso Petroleum Company, Limited. Comma, which is located in Kent, England, manufactures and supplies lubricants as well as seasonal and car care products to the United Kingdom and other export markets including 40 countries in Europe and Asia, primarily under the Comma brand. The acquisition of Comma by us includes: (1) finished lubricant and chemical manufacturing and sales to third parties; (2) all assets located at Comma’s Gravesend site in Kent, England; and (3) ownership of the Comma trademarks and brands. Additionally, agreements allow Comma to distribute select Mobil-brand lubricants into specific United Kingdom channels and manufacture and supply ExxonMobil companies with a range of seasonal and ancillary automotive products.

On November 5, 2012, we acquired 60.1% of the share capital of Comgás. We financed the acquisition in part by debentures we issued to Itaú BBA and Bradesco totaling R\$3.3 billion, issued in two series, the first series has a six-year term counting from the date of issuance, with final maturity on October 1, 2018, while the second series has an eight-year term counting from the date of issuance and will mature on October 1, 2020.

D. Exchange Controls

Investors residing outside Brazil, including institutional investors, are authorized to purchase equity instruments, including BDRs, on a Brazilian stock exchange, provided that they comply with the registration requirements set forth in Resolution 2,689 and CVM Instruction No. 325. With certain limited exceptions, Resolution 2,689 investors are permitted to carry out any type of transaction in the Brazilian financial and capital markets involving a security traded on a stock, futures or organized and authorized over-the-counter market. Investments and remittances outside Brazil of gains, dividends, profits or other payments under our BDRs are made through the exchange markets and are subject to restrictions under foreign investment regulations which generally require, among other things, registration with the Central Bank and the CVM. In order to subscribe BDRs through the foreign exchange market, under the Resolution 2,689, an investor residing outside Brazil must:

- appoint at least one representative in Brazil with powers to take actions relating to the investment;
- appoint an authorized custodian in Brazil for the investments, which must be a financial institution duly authorized by the Central Bank and the CVM; and
- through its representative, register itself as a foreign investor with the CVM and register the investment with the Central Bank.

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Securities and other financial assets held by foreign investors pursuant to Resolution 2,689 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or the CVM. In addition, securities trading by foreign investors are generally restricted to transactions on the Brazilian stock exchanges and organized over-the-counter markets involving securities listed for trading in such markets.

Additionally, an investor operating under the provisions of Resolution 2,689 must be registered with the Brazilian Taxpayers' Registry, managed by the Brazilian Federal Revenue Office (Receita Federal do Brasil), pursuant to its Instruction No. 568. For information on certain possible Brazilian tax effects on the sale of our BDRs, see "Item 3. Key Information—D. Risk Factors."

E. Taxation

U.S. Federal Income Tax Considerations

The following is a description of the material U.S. federal income tax consequences of owning and disposing of our common shares. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold the securities. This discussion applies to you only if you are a U.S. Holder (as defined below) that holds our common shares as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Internal Revenue Code of 1986, as amended, or the "Code," known as the Medicare contribution tax and differing tax consequences applicable to you if you are, for instance:

- a financial institution;
- a regulated investment company;
- a dealer or trader in securities;
- holding our common shares as part of a "straddle," integrated transaction or similar transaction;
- a person whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
 - a partnership for U.S. federal income tax purposes;
 - a tax-exempt entity;
- a person that owns or is deemed to own ten percent or more of our voting stock; or
- a person who acquires our common shares pursuant to the exercise of any employee stock option or otherwise as compensation.

If you are a partnership for U.S. federal income tax purposes holding our common shares, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and the activities of your partnership.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. Please consult your tax adviser concerning the U.S. federal, state, local and foreign tax consequences of owning

and disposing of our common shares in your particular circumstances.

As used herein, the term “U.S. Holder” means a beneficial owner of our common shares that is, for U.S. federal income tax purposes:

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- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any state therein or the District of Columbia, or
 - an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion assumes that we are not, and will not become, a passive foreign investment company, as described below.

Taxation of Distributions

Distributions paid on our common shares, other than certain pro rata distributions of common shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not expect to determine our earnings and profits in accordance with U.S. federal income tax principles, you should expect that a distribution will generally be reported as a dividend. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders will be eligible for taxation as “qualified dividend income” and therefore will be taxable at rates applicable to long term capital gains, provided that certain holding period and other requirements are satisfied. The amount of the dividend will be treated as foreign-source dividend income to you and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations under the Code.

Dividends will be included in your income on the date you receive them.

Sale or Other Disposition of Common Shares

For U.S. federal income tax purposes, gain or loss you realize on the sale or other disposition of our common shares will be capital gain or loss, and will be long-term capital gain or loss if you held those shares for more than one year at the time of disposition. The amount of gain or loss will be equal to the difference between your tax basis in the shares disposed of and the amount realized on the disposition. The gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation will be a “passive foreign investment company,” or “PFIC,” for U.S. federal income tax purposes for any taxable year in which, after applying certain look-through rules, either (1) at least 75% of its gross income is “passive income” or (2) at least 50% of the average quarterly value of its assets consists of assets that produce “passive income” or are held for the production of “passive income.” Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from foreign currency, securities transactions and certain commodities. Based on the current composition of our income and the market value and composition of our assets, we do not believe that we were a PFIC for our transition taxable year ended December 31, 2013. However, because PFIC status depends upon the composition of our income and assets and the market value of our assets (including, among others, goodwill and less than 25% owned equity investments) from time to time, we cannot assure you that we will not be considered a PFIC for any taxable year.

If we were treated as a PFIC for any taxable year during which you held our common shares, gain recognized by you on a sale or other disposition (including certain pledges) of the common shares would be allocated ratably over your holding period for the common shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable

year would be subject to tax at the highest rate on ordinary income in effect for individuals or corporations, as appropriate for that taxable year, and an interest charge would be imposed on the resulting tax liability. Further, to the extent any distribution in respect of our common shares exceeded 125% of the average of the annual distributions on common shares received by you during the preceding three years or your holding period, whichever was shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Certain elections might be available that would result in alternative treatments (such as mark-to-market treatment) of our

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common shares. You should consult your tax adviser to determine whether these elections would be available and, if so, what the consequences of the alternative treatments would be in your particular circumstances.

In addition, if we were treated as a PFIC in a taxable year in which we paid a dividend or the prior taxable year, the favorable tax rates applicable to long-term capital gains discussed above with respect to dividends paid to non-corporate holders would not apply.

If a U.S. Holder owns our common shares during any year in which the Company is a PFIC, the U.S. Holder generally must file annual reports containing such information as the U.S. Treasury may require on IRS Form 8621 (or any successor form) with respect to the Company, generally with the U.S. Holder's federal income tax return for that year.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and backup withholding unless (1) you are an exempt recipient or (2) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding.

The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals may be required to report information relating to stock of a non-U.S. person, subject to certain exceptions (including an exception for stock held in custodial accounts maintained by U.S. financial institutions). You should consult your tax adviser regarding your reporting obligations with respect to the ownership and disposition of our common shares.

Bermuda Tax Considerations

The Company has received an assurance from the Ministry of Finance granting an exemption, until March 28, 2016, from the imposition of tax under any applicable Bermuda law computed on profits or income or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, provided that such exemption shall not prevent the application of any such tax or duty to such persons as are ordinarily resident in Bermuda and shall not prevent the application of any tax payable in accordance with the Land Tax Act 1967 or otherwise payable in relation to land in Bermuda leased to the Company.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

Statements contained in this transition report as to the contents of any contract or other document referred to are not necessarily complete, and each of these statements is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit hereto. A copy of the complete transition report including the exhibits

and schedules filed herewith may be inspected without charge at the public reference facilities maintained by the SEC at 100 F Street NE., Washington, D.C., and at the SEC's regional offices located at 233 Broadway, New York, N.Y., 10279 and North Western Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 - 2511. Copies of such materials may be obtained by mail from the Public Reference Section of the SEC, 100 F Street NE., Washington, D.C., at prescribed rates. Such reports and other information may also be inspected at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005, on which our class A common shares are

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listed. In addition the SEC maintains a website that contains information filed electronically with the SEC, which can be accessed over the Internet at <http://www.sec.gov>.

We are subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934 as amended, and, in accordance therewith, file periodic reports and other information with the SEC. However, as a foreign private issuer, we are exempt from the rules under the Exchange Act relating to the furnishing and content of proxy statements and relating to short-swing profits reporting and liability.

We also file consolidated financial statements and other periodic reports with the CVM located as Rua Sete de Setembro, 111, Rio de Janeiro, Brazil 20159-900.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

We consider market risk to be the potential loss arising from adverse changes in market rates and prices. The company, its subsidiaries and jointly-controlled entities, including Raízen Energia, are exposed to market risks, chief of which are: (1) credit risk; (2) liquidity risk; (3) commodities risk; (4) interest rate risk rates; and (5) foreign currency exchange rate risk. In order to manage its market risks, the Company has adopted policies and procedures which establish limits and monitor risk exposure, counterparties and approve financial instruments. Risk and financial instrument management activities are carried out through the definition of strategies, establishment of control systems and determination of limits to exposure to market risks. We periodically review our exposure to market risks and determine at the senior management level how to manage and reduce the impact of these risks.

The Company uses derivatives solely to manage market risk, especially commodity price and foreign exchange rate fluctuations. Although the value of these hedge instruments varies, these variations are usually offset by the value of related hedged item. The parties to these agreements are mainly trade boards and trading companies in the case of futures, options and price setting, and major financial institutions in the case of foreign exchange derivatives and interest rate swaps. The company does not use derivatives or other hedge instruments for speculative purposes.

As a result, we do not believe that we are subject to any material credit risk arising from these contracts, and accordingly, we do not anticipate any material credit related losses.

Credit Risk

Credit risk is managed through specific rules concerning client acceptance which require credit rating checks and limits for customer exposure, applicable to all subsidiaries and jointly-controlled entities. In Raízen Energia, it is generally required a letter of credit from a reputable bank, for most of our sugar export sales. We do not believe that we are subject to any material credit risk and we do not anticipate any material credit-related losses. Management believes that any credit risk is covered by the allowance for doubtful accounts recorded in our balance sheet.

Liquidity Risk

Liquidity is the risk that we may encounter difficulties in meeting the obligations associated with our financial liabilities that are settled in cash or other financial assets. We manage our liquidity as to ensure, to the extent possible,

that we always have sufficient liquidity to meet our obligations at a reasonable cost. We do not believe that we are subject to any material liquidity risk.

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Commodities Risk

Mainly applicable to Raízen Energia, agricultural commodity prices and supply levels change according to unpredictable factors such as the weather, investments, government programs and policies and changes in world demand, among others.

Raízen conducts sensitivity tests to estimate its exposure to these risks and uses derivatives to mitigate its exposure to sugar price oscillation on the international market. Derivative operations allow the Company to ensure an average margin for future sales. Raízen actively manages its open positions and monitors the result of these activities on a daily basis through effective mark-to-market controls and price impact simulations so that it may adjust targets and strategies due to changes in market conditions.

Based on the sugar sales volumes in the nine-month period ended December 31, 2013, a hypothetical 10% decrease in unhedged prices would reduce our sugar net sales by approximately R\$34.0 million in transition period 2013 (R\$45.8 in fiscal year 2013) as set forth below.

	Fair Value -		Market Risk - 10% Price Decrease
	Net Sales (**)	Sales Volume (thousand tons of sugar or thousand liters of ethanol)	(in millions of reais)
Ethanol sales volume (unhedged) in the nine-month period ended December 31, 2013	3,143.3	1,658.3	314.3
Sugar sales volumes in the nine-month period ended December 31, 2013	3,127.6	3,277.4	68.0
Hedged sugar position at December 31, 2013 (*)	2,477.7	2,494.6	-
VHP sugar (NY no. 11)	2,477.7	2,494.6	-
White sugar (LIFFE no. 5)	-	-	-
Unhedged sugar position at December 31, 2013	679.9	782.9	68.0

(*) Includes derivative futures and firm commitments with customers where there are already fixed prices for the sugar to be sold.

(**) Represents 100% of the financial instruments of Raízen Energia, of which the Cosan S.A. proportionately consolidates only 50%.

For risk management purposes and to evaluate the overall level of commodity price exposure, Raízen further reduces its exposure to commodity market risk related to the sugar and ethanol produced from sugarcane that is purchased from growers and sugarcane harvested from leased land, as both costs are linked to TSR. The price of sugarcane supplied by growers or the lease payments incurred to produce sugarcane harvested by Raízen from leased land is indexed to the market price of sugar and ethanol, which provides a partial natural hedge to domestic sugar and ethanol sales price exposure.

Based on the foregoing, we believe that as of December 31, 2013 a hypothetical 10% decrease in prices would increase our net commodities risk by R\$502.9 million (R\$474.1 as of March 31, 2013) as set forth below.

	Fair Value - Net Purchases (in millions of reais)	Commodities Risk - 10% Price Decrease (in millions of reais)
Total unhedged position at December 31, 2013	679.9	68.0
Sugarcane supplied by growers in nine-month period ended December 31, 2013	2,272.0	227.2
Sugarcane from leased land in nine-month period ended December 31, year 2013	2,077.3	207.7
Net unhedged position at December 31, 2013	5,029.2	502.9

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As of December 31, 2013, Raízen had entered into hedging agreements with respect to 1,557.1 thousand tonnes of VHP sugar (Futures sold less Futures bought) at an average fixed price of US\$18.0 per tonne and 10.2 thousand tons of white sugar at an average price of US\$454.23 per tonne.

The table below provides information about the Company's sugar derivative contracts that are sensitive to changes in commodity prices, specifically sugar prices as of December 31, 2013. For the derivative contracts the table presents the notional amounts in tons, the weighted average contract prices, and the total U.S. dollar contract amount by expected maturity dates.

Price Risk - commodities derivatives opened at December 31, 2013

Derivatives	Purchased / Sold	Market	Agreement	Maturity date	Notional (unit)	Notional (R\$ thousand)	Fair Value (R\$ thousand)
Financial instruments contracted by Raízen Energia							
Composition of balance of derivative financial instruments designated in hedge accounting							
Future	Sold	NYBOT	Sugar#11	Mar-14	576,810 T	548,533	59,686
Future	Sold	NYBOT	Sugar#11	May-14	90,327 T	88,532	11,280
Future	Sold	NYBOT	Sugar#11	Jul-14	536,473 T	497,172	33,644
Future	Sold	NYBOT	Sugar#11	Oct-14	564,923 T	528,143	30,698
Future	Sold	NYBOT	Sugar#11	Mar-15	75,238 T	74,580	5,609
Future	Sold	ICE	Sugar#5	Mar-14	13,150 T	298	1,079
Future	Sold	ICE	Sugar#5	May-14	1,500 T	34	109
Future	Sold	ICE	Sugar#5	Jul-14	3,500 T	80	194
Sub-total of sugar futures sold					1,861,921 T	1,737,372	142,299
Composition of balance of derivative financial instruments non-designated in hedge accounting							
Future	Purchased	NYBOT	Sugar#11	Mar-14	(269,558)T	(237,668)	(9,218)
Future	Purchased	NYBOT	Sugar#11	May-14	(7,925)T	(7,068)	(290)
Future	Purchased	NYBOT	Sugar#11	Jul-14	(8,382)T	(7,480)	(238)
Future	Purchased	NYBOT	Sugar#11	Oct-14	(559)T	(502)	(9)
Future	Purchased	NYBOT	Sugar#11	Mar-15	(254)T	(243)	(10)
Future	Purchased	ICE	Sugar#5	Mar-14	(8,000)T	(169)	(33)
Sub-total of sugar future purchased					(294,678)T	(253,130)	(9,798)
Sub-total of Sugar					1,567,243 T	1,484,242	132,501
Future	Sold	BM&F Bovespa	Ethanol	Jan-14	3,030m ³	119	-
Future	Sold	BM&F Bovespa	Ethanol	Feb-14	6,780m ³	268	-
Future	Sold	BM&F Ethanol	Ethanol	Jan-14	3,750m ³	4,418	(249)
Future	Sold	BM&F Ethanol	Ethanol	Feb-14	1,800m ³	2,105	(159)
Future	Sold	CHGOETHNL	Ethanol	Jan-14	79,499m ³	83,469	(8,095)
Future	Sold	CHGOETHNL	Ethanol	Feb-14	62,055m ³	63,389	(4,320)
Future	Sold	CHGOETHNL	Ethanol	Mar-14	35,906m ³	37,388	(613)
Future	Sold	CHGOETHNL	Ethanol	Apr-14	22,082m ³	22,631	(744)

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Future	Sold	CHGOETHNL	Ethanol	May-14	17,121m ³	17,430	(582)
Future	Sold	CHGOETHNL	Ethanol	Jun-14	15,521m ³	15,805	(430)
Future	Sold	CHGOETHNL	Ethanol	Jul-14	3,200m ³	3,242	(77)
Future	Sold	CHGOETHNL	Ethanol	Aug-14	6,400m ³	6,508	(25)
Future	Sold	CHGOETHNL	Ethanol	Sep-14	3,200m ³	3,242	5
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	Jan-14	4,300m ³	7,142	331
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	Feb-14	2,300m ³	3,800	127
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	Mar-14	1,300m ³	2,168	54
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	Apr-14	7,600m ³	12,769	390
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	May-14	7,600m ³	12,770	316
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	Jun-14	7,600m ³	12,770	243
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	Jul-14	3,000m ³	5,061	97
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	Aug-14	3,000m ³	5,061	97
Future	Sold	CHGOETHNL					
Future	Sold	T2	Ethanol	Sep-14	3,000m ³	5,061	97
Sub-total of ethanol futures sold					286,357m ³	326,616	(13,537)
Future	Purchase	BMF Ethanol	Ethanol	Jan-14	(3,750)m ³	(4,461)	206
Future	Purchase	BMF Ethanol	Ethanol	Feb-14	(1,800)m ³	(2,150)	114
Future	Purchase	CHGOETHNL	Ethanol	Jan-14	(63,520)m ³	(65,313)	8,250
Future	Purchase	CHGOETHNL	Ethanol	Feb-14	(81,120)m ³	(82,840)	5,028
Future	Purchase	CHGOETHNL	Ethanol	Mar-14	(47,040)m ³	(48,081)	1,391
Future	Purchase	CHGOETHNL	Ethanol	Apr-14	(48,000)m ³	(49,955)	840
Future	Purchase	CHGOETHNL	Ethanol	May-14	(15,520)m ³	(16,101)	218
Future	Purchase	CHGOETHNL	Ethanol	Jun-14	(13,920)m ³	(14,507)	44

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Derivatives	Purchased / Sold	Market	Agreement	Maturity date	Notional (unit)	Notional (R\$ thousand)	Fair Value (R\$ thousand)
Future	Purchase	CHGOETHNL	Ethanol	Jul-14	(8,320)m ³	(8,469)	160
Future	Purchase	CHGOETHNL	Ethanol	Sep-14	(3,200)m ³	(3,267)	(30)
Future	Purchase	CHGOETHNL T2	Ethanol	Jan-14	(5,300)m ³	(8,860)	(465)
Future	Purchase	CHGOETHNL T2	Ethanol	Feb-14	(7,300)m ³	(12,200)	(543)
Future	Purchase	CHGOETHNL T2	Ethanol	Mar-14	(4,300)m ³	(7,244)	(253)
Future	Purchase	CHGOETHNL T2	Ethanol	Apr-14	(14,300)m ³	(23,924)	(585)
Future	Purchase	CHGOETHNL T2	Ethanol	May-14	(4,300)m ³	(7,250)	(204)
Future	Purchase	CHGOETHNL T2	Ethanol	Jun-14	(4,300)m ³	(7,250)	(162)
Future	Purchase	Platts Chicago	Ethanol	Jan-14	(12,960)m ³	(14,277)	732
Sub-total of ethanol futures purchase					325,990 m ³	(376,149)	14,741
Physical fixed	Sold	CHGOETHNL	Ethanol	Jan-Dec/14	298,380 m ³	407,722	(17,570)
Physical fixed	Purchase	CHGOETHNL	Ethanol	Jan-Jul/14	(458,238)m ³	(546,049)	17,811
Sub-total of physical fixed					(159,858)m ³	(138,327)	241
Sub-total of Ethanol					(199,491)m ³	(187,860)	1,445

Interest Rate Risk

We have fixed and floating rate indebtedness, and, therefore, we are exposed to market risk as a result of changes in interest rates. See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness” for further information.

Our interest rate risk refers to the impact of an increase in the LIBOR (London Interbank Offered Rate) indexed interest rate, TJLP (Long-term Interest Rate), TR (Reference Interest Rate), IGP-M (General Market Price Index) and CDI (Interbank Deposit Certificate) indexed debt on the Company’s financial results.

As of December 31, 2013, 34.57%, or R\$4,489.7 million (35.26% or R\$4,048.9 million as of March 31, 2013) of our consolidated total debt outstanding was fixed rate debt.

The majority of debts of Cosan, except the jointly-controlled subsidiary Raízen, are dollar-denominated with fixed interest rates or real-denominated debts indexed to the CDI or TJLP. However, we have a substantial amount of marketable securities indexed to the CDI, which provides a partial natural hedge to our interest rate exposure of our real-denominated debts.

Based on the foregoing, we believe that as of December 31, 2012 a hypothetical 10% increase in all interest rates would increase our financial expenses by R\$10.6 million per year based on the net financial expenses we recorded in our consolidated income statement for the transition year ended December 31, 2013.

Foreign Currency Exchange Rate Risk

The foreign exchange variations to which Cosan, except Raízen, are exposed are principally related to perpetual bond issuances amounting to US\$500 million. We use derivatives to hedge the cash flows for payment of interest on this debt against a possible appreciation of U.S. dollar against the real through November of 2015, when this debt can be redeemed. In addition, basic oil imports for the lubricants business are also exposed to foreign exchange variations, hedged by derivatives on a case-by-case basis.

A significant portion of the revenue of the jointly-controlled subsidiary Raízen Energia is dollar denominated. Most of Raízen Energia's costs are denominated in reais and therefore, when the real appreciates against dollar, its operating margins are adversely affected. A considerable part of Raízen's debt is also denominated in dollars, exposing it to the risk of variations in the real to U.S. dollar exchange rate of R\$4,177,377.

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Raízen Energia has foreign exchange derivatives in order to mitigate its exposure to the effect of foreign exchange variations on its sugar and ethanol export revenues, combined with cash outlays to cover its debt commitments in foreign currency, mainly the U.S. dollar. The exchange rate derivatives together with the sugar price derivatives allow Raízen to ensure an average margin from future sales. Raízen actively manages open positions, and the results of these activities are monitored on a daily basis through effective mark-to-market controls and price impact simulations that allow Raízen to adjust targets and strategies as a result of changes in market conditions. Raízen uses financial derivative instruments to hedge foreign exchange risk.

At December 31, 2013, we had outstanding currency derivatives fair valued at R\$184.8 million (R\$200.7 million in fiscal year 2013) which were represented by forward, future, swap and put option contracts as disclosed in note 32 of our consolidated financial statements.

As a measure of our market risk with respect to our foreign currency exposure, a hypothetical 10% appreciation of the real against the U.S. dollar would increase our export sales by approximately R\$31 million per year, based on the level of our total export sales for the nine-month period ended December 31, 2013, before considering the effects on U.S. dollar derivative contracts and other dollar denominated assets and liabilities, as set forth below:

U.S. dollar financial instruments outstanding at December 31, 2013:	Notional amount/ Quantity (in thousands of reais)	Estimated Fair value Asset (Liability)	Foreign Exchange Gain/ Loss – 10% FX rate Increase
Raízen			
Denominated debt	4,177,377	4,177,377	417,738
Denominated receivables	(155,965)	(155,965)	(156)
Denominated derivative financial instruments (net)	128,981	56,778	(16,289)
- Future sale commitments	1,199,997	(1,250)	(120,000)
- Future purchase commitments	(1,266,761)	3,769	126,676
- Forward sale commitments	374,816	(264)	(37,482)
- Forward purchase commitments	(392,595)	47,246	39,259
- Exchange lock sale commitments	271,409	8,773	(24,743)
- Exchange lock purchase commitments	(57,885)	(1,496)	5,789
Net potential impact	4,150,393	4,078,190	(16,027)
Eliminate 50%	(2,075,196)	(2,039,095)	(8,014)
Net Potential impact — Raízen	2,075,196	2,039,095	(8,014)
Other Cosan			
Denominated debt	3,791,773	3,791,773	379,177
Denominated receivables	(24,453)	(24,453)	(2,445)
Denominated derivative financial instruments (net)	184,800	184,800	336
- Exchange lock commitments	184,800	184,800	336
Net potential impact Cosan	3,952,120	3,952,120	377,068

Item 12. Description of Securities other than Equity Securities

Not applicable.

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PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders

None.

Item 15. Controls and Procedures

(a) Disclosure Controls and Procedures

As of December 31, 2013, under management's supervision and with its participation, including our Chief Executive Officer and Chief Financial Officer, we performed an evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934).

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2013 to ensure that information required to be disclosed under the Exchange Act is recorded, authorized, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and the information required to be disclosed is accumulated and communicated, in order to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Act of 1934. Management conducted an assessment of the effectiveness of internal control over financial reporting based on recommendations and correlated layers established on Internal Controls Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO – framework 1992. Based on this assessment and those criteria, management concluded that internal control over financial reporting was effective as of December 31, 2013.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions.

(c) Attestation Report of the Registered Public Accounting Firm

The effectiveness of the internal control over financial reporting, as of December 31, 2013, has been audited by PricewaterhouseCoopers Auditores Independentes, an independent registered public accounting firm, which appears on page F-3.

(d) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the period covered by this transition report that has materially affected, or is reasonably likely to materially or significantly affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Audit Committee

We have an audit committee responsible for advising the board about the selection of independent auditors, reviewing the scope of the audit, validating other allowed services provided by our independent auditors, and evaluating our internal controls on a steady basis. The members of our audit committee are

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Messrs. Marcus Vinicius Pratini de Moraes (chairman), Mailson Ferreira da Nóbrega, and Hélio França Filho.

These members are independent, and our board of directors has determined that both Marcus Vinicius Pratini de Moraes and Mailson Ferreira da Nóbrega are “Audit Committee Financial Experts” in accordance with SEC rules and regulations.

Item 16B. Code of Business Conduct and Ethics

NYSE Rule 303A.10 provides that each U.S. listed company must adopt and disclose a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers. Although not required under Bermuda law, the Company has adopted a code of business conduct and ethics for directors, officers and employees as provided for in NYSE Rule 303A.10, which has been filed with the SEC.

Item 16C. Principal Accountant Fees and Services

The following table describes the total amount billed to us by PricewaterhouseCoopers for services performed in the nine-month period ended December 31, 2013 and fiscal year ended March 31, 2013 and by Ernst & Young for services performed in fiscal year ended March 31, 2012, presented in thousands of reais:

	At December 31, 2013	At March 31, 2013	At March 31, 2012
	(in thousands of reais)		
Audit fees	3,248	1,161	1,152
Audit related fees	218	530	1,127
All other fees	-	-	120
Total consolidated audit fees	3,466	1,691	2,399

Audit Fees

Audit fees are fees billed for the audit of our annual consolidated financial statements and for the reviews of our quarterly consolidated financial statements furnished on Form 6-K.

In previous filings, fees included amounts for several affiliates that were proportionally consolidated. This year they are accounted for under the equity method and are excluded from the fees.

Other Fees

PricewaterhouseCoopers other fees refer to other assurance services regarding the review of comfort letters in connection with our bond issuances.

Pre-Approval Policies and Procedures

Our audit committee approves all audit, audit-related services, tax services and other services provided by PricewaterhouseCoopers. Any services provided by PricewaterhouseCoopers that are not specifically included within the scope of the audit must be pre-approved by the board of directors in advance of any engagement. The board of directors is permitted to approve certain fees for audit-related services, tax services and other services pursuant to a de minimis exception prior to the completion of the audit engagement.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

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Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

For a comparison of the significant differences between our corporate governance practices and the NYSE Corporate Governance Standards, please see "Item 6. Directors, Senior Management and Employees—C. Summary of Significant Differences of Corporate Governance Practices."

Item 16H. Mine Safety Disclosure

Not applicable.

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PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

See our audited consolidated financial statements beginning on page F-1.

Item 19. Exhibits

We are filing the following documents as part of this transition report on Form 20-F:

- 1.1 Memorandum of Association (incorporated by reference to our amended registration statement filed on Form F-1/A with the Securities and Exchange Commission on August 9, 2007)
- 1.2 By-Laws (incorporated by reference to our amended registration statement filed on Form F-1/A with the Securities and Exchange Commission on August 9, 2007)
- 2.1 Indenture dated as of January 26, 2007 among Cosan Finance Limited, as issuer, Cosan S.A. Indústria e Comércio and Usina Da Barra S.A.—Açúcar e Álcool, as guarantors, The Bank of New York, as trustee, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as principal paying agent and The Bank of New York Luxembourg S.A., as Luxembourg paying agent (incorporated by reference to our registration statement filed on Form F-1 with the Securities and Exchange Commission on June 25, 2007)
- 2.2 Indenture dated August 11, 2009 among CCL Finance Limited, Cosan Combustíveis e Lubrificantes S.A., (now CLE) The Bank Of New York Mellon, as Trustee, The Bank of New York Mellon Trust (Japan), Ltd., as Principal Paying Agent, and the Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Listing, Paying and Transfer Agent (incorporated by reference to Exhibit 2.4 of our annual report on Form 20-F for the year ended March 31, 2009)
- 2.3 Indenture dated November 5, 2010 among Cosan Overseas Limited, Cosan S.A. Indústria e Comércio, The Bank of New York Mellon, as Trustee, New York Paying Agent, Transfer Agent and Registrar, The Bank of New York Mellon (London Branch), as London Paying Agent and The Bank of New York Mellon (Luxembourg) S.A., as Paying Agent and Transfer Agent (incorporated by reference to Exhibit 2.5 of our annual report on Form 20-F for the year ended March 31, 2011)
- 2.4 Indenture dated March 14, 2013 among Cosan Luxembourg S.A., Cosan S.A. Indústria e Comércio, Deutsche Bank Trust Company, as Trustee, New York Paying Agent, Transfer Agent and Registrar and Deutsche Bank Luxembourg S.A., as Luxembourg Paying Agent (incorporated by reference to Exhibit 2.4 of our annual report on Form 20-F for the year ended March 31, 2013)
- 2.5 Indenture dated March 14, 2013 among Cosan Luxembourg S.A., Cosan S.A. Indústria e Comércio, Deutsche Bank Trust Company, as Trustee, New York Paying Agent, Transfer Agent, Registrar and Calculation Agent and Deutsche Bank Luxembourg S.A., as Luxembourg Paying Agent (incorporated by reference to Exhibit 2.5 of our annual report on Form 20-F for the year ended March 31, 2013)

4.1

Loan Agreement dated as of June 28, 2005 among Cosan S.A. Indústria e Comércio, as borrower, and International Finance Corporation (incorporated by reference to our registration statement filed on Form F-1 with the Securities and Exchange Commission on June 25, 2007)

- 4.2 Agreement for the Sale and Purchase of all of the Member Interests in Parent Co-Operative 1 and Parent Co-Operative 2 dated April 23, 2008, between ExxonMobil International Holdings B.V., as vendor, and the registrant's subsidiaries Cosan S.A. Indústria e Comércio and Usina da Barra S.A. Açúcar e Álcool, as purchasers* (incorporated by reference to our Amendment to our Current Report filed on Form 6-K/A on June 10, 2009)

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- 4.3 Framework Agreement dated August 25, 2010 among Cosan S.A. Indústria e Comércio, Cosan Distribuidora de Combustíveis S.A., Cosan Limited, Houches Holdings S.A., Shell Brasil Limitada, Shell Brazil Holding B.V., Shell Overseas Holdings Limited and Milimétrica Participações S.A., or Framework Agreement (incorporated by reference to Exhibit 4.3 of our annual report on Form 20-F for the year ended March 31, 2010)
- 4.4 First Amendment to the Framework Agreement, dated as of April 7, 2011 (incorporated by reference to Exhibit 4.4 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.5 Second Amendment to the Framework Agreement, dated as of June 1, 2011 (incorporated by reference to Exhibit 4.5 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.6 Joint Venture Agreement among Cosan S.A. Indústria e Comércio, Cosan Limited, Raízen Combustíveis S.A., Raízen S.A., Shell Brazil Holding B.V., Shell Overseas Holdings Limited and Raízen Energia Participações S.A. dated June 1, 2011(incorporated by reference to Exhibit 4.6 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.7 Operating and Coordination Agreement dated June 1, 2011 relating to Raízen Energia Participações S.A., Raízen Combustíveis S.A. and Raízen S.A. (incorporated by reference to Exhibit 4.7 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.8 Shareholders Agreement of Raízen Combustíveis S.A., dated as of June 1, 2011(incorporated by reference to Exhibit 4.8 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.9 Shareholders Agreement of Raízen Energia Participações S.A., dated as of June 1, 2011 (incorporated by reference to Exhibit 4.9 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.10 Term Loan among Cosan Cayman Limited, certain Lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent for the Lenders dated April 1, 2011 (incorporated by reference to Exhibit 4.10 of our annual report on Form 20-F for the year ended March 31, 2012).
- 4.11 Share Purchase Agreement for the acquisition of Comma Oil & Chemicals Limited dated February 29, 2012, between Esso Petroleum Company, Limited and Cosan S.A. Indústria e Comércio (incorporated by reference to Exhibit 4.11 of our annual report on Form 20-F for the year ended March 31, 2013)
- 4.12 Share Purchase Agreement for the acquisition of Comgás dated May 28, 2012, between Integra Investments B.V., BG Energy Holdings Limited, Provence Participações S.A. and Cosan S.A. Indústria e Comércio (incorporated by reference to Exhibit 4.12 of our annual report on Form 20-F for the year ended March 31, 2013)
- 8.1 Subsidiaries of the Registrant.
- 11.1 Code of Ethics (incorporated by reference from our exhibit to our annual report filed on Form 20-F for the Fiscal Year ended April 30, 2008).
- 12.1 Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer
- 12.2 Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer
- 13.1 Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley

Act of 2002, of the Chief Executive Officer

- 13.2 Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer

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13.3 Financial Statements to the period of March 31, 2014, 2013 and 2012 of Raízen Energia and Raízen Combustíveis **

* Portions of this item have been omitted pursuant to a request for confidential treatment.

** Since the fiscal year of these companies differ to those of Cosan Limited, the financial statements will be filed at a later date.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this transition report on its behalf.

COSAN LIMITED

By: /s/ Marcelo Eduardo Martins
Name: Marcelo Eduardo
Martins
Title: Chief Financial and
Investor Relations
Officer

Date: April 30, 2014

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Cosan Limited

Consolidated financial statements at
December 31, 2013 and reports of independent
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Cosan Limited

Consolidated financial statements

December 31, 2013

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Report of Independent Registered Public Accounting Firm

To the board of directors and shareholders
Cosan Limited

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of profit or loss and other comprehensive income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Cosan Limited and its subsidiaries at December 31, 2013 and March 31, 2013, and the results of their operations and their cash flows for the nine month-period ended December 31, 2013 and for the year ended March 31, 2013 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework 1992 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control over Financial Reporting". Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 4.2.(c) to the consolidated financial statements, the Company changed the manner in which it accounted for joint arrangements under IFRS 11 - Joint Arrangements

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Campinas, Brazil
February 26, 2014

/s/ PricewaterhouseCoopers
Auditores Independentes

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Cosan Limited

We have audited the accompanying consolidated statement of financial position of Cosan Limited and subsidiaries as of April 1, 2012, and the restated consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended March 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cosan Limited and subsidiaries at April 1, 2012 and the restated consolidated results of their operations and their cash flows for the year ended March 31, 2012, in conformity with International Financial Reporting Standards, as issued by International Accounting Standards Board.

As discussed in Note 4, the accompanying consolidated financial statements have been restated for both retrospective adoption of IFRS 11 "Joint Arrangements", and also the correction of an error.

São Paulo, Brazil, February 26, 2014

/s/ ERNST & YOUNG
Auditores Independentes S.S.

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Cosan Limited

Consolidated statement of financial position
 December 31, 2013, March 31, 2013 and April 1, 2012
 (In thousands of Brazilian Reais - R\$)

	Note	December 31, 2013	March 31, 2013 (Restated)	April 1, 2012
Assets				
Cash and cash equivalents	6	1,509,565	1,544,072	1,036,217
Restricted cash		-	18,220	18,233
Investment securities		87,978	105,856	-
Trade receivables	7	844,483	857,136	232,464
Derivative financial instruments	32	-	32,301	-
Inventories	8	311,980	275,697	150,991
Receivables from related parties	11	46,788	37,642	70,432
Income tax receivable		56,340	42,644	49,796
Other current tax receivable	9	85,433	63,720	16,584
Other financial assets	10	63,054	59,299	40,080
Dividends receivable		26,350	119,297	226,703
Other assets		217,927	202,065	58,311
		3,249,898	3,357,949	1,899,811
Assets held for sale	31	314,104	85,426	-
Current assets		3,564,002	3,443,375	1,899,811
Trade receivables	7	238,460	9,505	-
Deferred tax assets	21	232,188	220,356	245,267
Receivables from related parties	11	504,481	535,336	718,615
Income tax receivable		49,268	38,840	-
Other non-current tax receivable	9	18,366	17,881	1,006
Judicial deposits	22	361,554	383,253	351,354
Other financial assets	10	407,107	446,950	640,964
Derivative financial instruments	32	513,934	113,555	-
Other non-current asset		493,340	412,022	366,369
Equity method investments	13	103,316	50,556	325,577
Investment in joint ventures	14	8,498,259	8,582,741	8,189,588
Investment property	15	2,281,509	2,473,438	-
Property, plant and equipment	16	1,271,910	1,178,297	1,656,149
Intangible assets and goodwill	17	10,078,040	9,614,898	1,469,382
Non-current assets		25,051,732	24,077,628	13,964,271
Total assets		28,615,734	27,521,003	15,864,082

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

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Cosan Limited

Consolidated statement of financial position
 December 31, 2013, March 31, 2013 and April 1, 2012
 (In thousands of Brazilian Reais - R\$)

	Note	December 31, 2013	March 31, 2013 (Restated)	April 1, 2012
Liabilities				
Loans and borrowings	18	1,050,862	1,608,373	83,505
Derivative financial instruments	32	50,879	10,009	5,282
Trade payables	19	862,429	799,479	95,318
Employee benefits payable		103,296	94,262	42,894
Income tax payable		28,143	12,672	7,016
Other current tax payable	20	199,056	147,691	132,674
Dividends payable		92,759	83,279	8,696
Payables to related parties	11	105,463	91,433	121,769
Other current liabilities		157,806	139,909	105,705
Current liabilities		2,650,693	2,987,107	602,859
Loans and borrowings	18	8,042,094	6,899,631	1,993,851
Derivative financial instruments	32	280,462	-	-
Other non-current tax payable	20	1,010,767	951,207	1,185,907
Provision for legal proceedings	22	722,458	825,684	764,266
Payables to related parties	11	-	-	16,626
Pension and post-employment benefits	33	339,135	376,059	37,312
Deferred tax liabilities	21	1,698,622	1,766,264	1,305,826
Other non-current liabilities		551,739	509,030	530,880
Non-current liabilities		12,645,277	11,327,875	5,834,668
Total liabilities		15,295,970	14,314,982	6,437,527
Equity				
Share capital	23	5,328	5,328	5,328
Additional paid in capital		3,828,858	3,856,849	3,811,808
Other comprehensive income		(84,887)	(58,908)	(176,500)
Retained earnings		2,136,975	2,194,051	1,923,638
Equity attributable to:				
Owners of the Company		5,886,274	5,997,320	5,564,274
Non-controlling interests	13	7,433,490	7,208,701	3,862,281
Total equity		13,319,764	13,206,021	9,426,555
Total equity and liabilities		28,615,734	27,521,003	15,864,082

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

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Cosan Limited

Consolidated statement of profit or loss and other comprehensive income

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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

	Note	Nine months ended December 31, 2013	March 31, 2013 (Restated)	Year ended March 31, 2012 (Restated)
Net sales	27	6,878,214	4,586,209	4,563,554
Cost of sales	28	(4,878,229)	(3,211,309)	(3,696,185)
Gross profit		1,999,985	1,374,900	867,369
Selling expenses	28	(603,965)	(459,433)	(318,429)
General and administrative expenses	28	(466,933)	(419,533)	(274,462)
Other income (expense), net	30	76,272	173,739	(21,729)
		(994,626)	(705,227)	(614,620)
Gain on the de-recognition of subsidiaries to form the Joint Ventures	26	-	-	2,752,731
Operating (expense) income		(994,626)	(705,227)	2,138,111
Income before financial results, equity in income of associates and income taxes		1,005,359	669,673	3,005,480
Equity in income of investees				
Equity in income of associates	13	5,497	70,414	39,188
Equity in income of jointly controlled entity	14	242,036	603,912	349,363
		247,533	674,326	388,551
Financial results	29			
Finance expense		(804,606)	(578,005)	(580,769)
Finance income		179,904	163,663	323,633
Foreign exchange losses, net		(324,495)	(83,254)	(16,535)
Derivatives		235,485	74,483	14,596
		(713,712)	(423,113)	(259,075)
Profit before taxes		539,180	920,886	3,134,956
Income taxes expenses	21			
Current		(129,976)	(100,049)	(58,743)
Deferred		90,782	(26,304)	(960,364)
		(39,194)	(126,353)	(1,019,107)
Profit from continuing operations		499,986	794,533	2,115,849
Profit from discontinued operations, net of tax		-	138,918	64,248

Profit for the year	499,986	933,451	2,180,097
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Cosan Limited

Consolidated statement of profit or loss and other comprehensive income

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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

Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain (loss) on defined benefit plan	42,438	(52,253)	-
Taxes on items that will not be reclassified to profit or loss	(14,429)	(17,767)	-
	28,009	(70,020)	-
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation effect	(42,892)	2,583	20,724
(Loss) gain on cash flow hedge in jointly controlled entity	(9,736)	54,083	238,503
Revaluation of investment property	-	83,318	-
Changes in fair value of available for sale securities	13,753	10,805	(35,892)
Taxes on items that may be reclassified subsequently to profit or loss	(1,366)	120,889	(68,888)
	(40,241)	271,678	154,447
Other comprehensive (loss) income for the year, net of tax	(12,232)	201,658	154,447
Total comprehensive income for the year	487,754	1,135,109	2,334,544
Net income attributable to:			
Owners of the Company (including discontinued operations)	122,618	424,070	1,176,367
Non-controlling interests	377,368	509,381	1,003,730
Total comprehensive income attributable to:			
Owners of the Company	96,639	541,662	1,275,486
Non-controlling interests	391,115	593,447	1,059,058
Basic earnings per share			
	24		
Continued operations	R\$0.46	R\$1.27	R\$4.23
Discontinued operations	-	R\$0.33	R\$0.15
	R\$0.46	R\$1.60	R\$4.38
Diluted earnings per share			
	24		
Continued operations	R\$0.33	R\$1.06	R\$4.23
Discontinued operations	-	R\$0.33	R\$0.15
	R\$0.33	R\$1.39	R\$4.38

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

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Cosan Limited

Statement of changes in equity

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

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

	Share capital	Capital reserve Additional paid in capital	Other comprehensive income	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	Total equity
At April 01, 2011	5,328	3,943,837	(275,619)	879,262	4,552,808	2,762,929	7,315,737
Profit for the year	-	-	-	1,176,367	1,176,367	1,003,730	2,180,097
Other comprehensive income							
Foreign currency translation effects	-	-	15,790	-	15,790	4,934	20,724
Gain on cash flow hedge in jointly controlled entity	-	-	98,087	-	98,087	59,325	157,412
Changes in fair value of available for sale securities	-	-	(14,758)	-	(14,758)	(8,931)	(23,689)
Total comprehensive income for the year	-	-	99,119	1,176,367	1,275,486	1,059,058	2,334,544
Contributions by and distributions to owners of the Company							
Dividends - non-controlling interests	-	(30,065)	-	-	(30,065)	(17,173)	(47,238)
Share based compensation	-	6,728	-	-	6,728	4,072	10,800
Acquisition of treasury shares	-	(109,392)	-	-	(109,392)	-	(109,392)

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Dividends	-	-	-	(140,998)	(140,998)	-	(140,998)
Total contributions by and distributions to owners of the Company	-	(132,729)	-	(140,998)	(273,727)	(13,101)	(286,828)
Transactions with owners of the Company							
Formation of the Joint Ventures	-	-	-	-	-	(16,457)	(16,457)
Corporate reorganization - Rumo Group	-	-	-	(1,993)	(1,993)	77,864	75,871
Other	-	700	-	11,000	11,700	(8,012)	3,688
Total transactions with owners of the Company	-	700	-	9,007	9,707	53,395	63,102
At March 31, 2012 (Restated)	5,328	3,811,808	(176,500)	1,923,638	5,564,274	3,862,281	9,426,555

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

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Cosan Limited

Statement of changes in equity

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

	Share capital	Capital reserve Additional paid in capital	Other comprehensive income	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	Total equity
At April 01, 2012	5,328	3,811,808	(176,500)	1,923,638	5,564,274	3,862,281	9,426,555
Profit for the year	-	-	-	424,070	424,070	509,381	933,451
Other comprehensive income							
Foreign currency translation effects	-	-	(3,381)	-	(3,381)	5,964	2,583
Loss on cash flow hedge in jointly controlled entity	-	-	22,239	-	22,239	13,456	35,695
Revaluation of investment property	-	-	118,832	-	118,832	71,903	190,735
Actuarial loss on defined benefit plan	-	-	(21,486)	-	(21,486)	(13,001)	(34,487)
Changes in fair value of available for sale securities	-	-	1,388	-	1,388	5,744	7,132
Total comprehensive income for the year	-	-	117,592	424,070	541,662	593,447	1,135,109
Contributions by and distributions to owners of the Company							
Share options exercised	-	10,444	-	-	10,444	6,320	16,764

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Dividends - non-controlling interests	-	(1,295)	-	-	(1,295)	1,316	21
Share based compensation	-	8,284	-	-	8,284	5,012	13,296
Dividends	-	-	-	(153,657)	(153,657)	(315,259)	(468,916)
Total contributions by and distributions to owners of the Company	-	17,433	-	(153,657)	(136,224)	(302,611)	(438,835)
Transactions with owners of the Company							
Corporate reorganization - Raízen Group	-	31,693	-	-	31,693	19,173	50,866
Acquisition of treasury shares	-	(17,250)	-	-	(17,250)	-	(17,250)
Acquisition of non-controlling interest	-	(2,859)	-	-	(2,859)	(79,641)	(82,500)
Business combination - COMGÁS	-	15,754	-	-	15,754	1,863,331	1,879,085
Business combination - Radar	-	270	-	-	270	1,285,593	1,285,863
Business combination - Logispot non-controlling interest	-	-	-	-	-	(32,872)	(32,872)
Total transactions with owners of the Company	-	27,608	-	-	27,608	3,055,584	3,083,192
At March 31, 2013 (Restated)	5,328	3,856,849	(58,908)	2,194,051	5,997,320	7,208,701	13,206,021

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

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Cosan Limited

Statement of changes in equity

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

	Share capital	Capital reserve Additional paid in capital	Other comprehensive income	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	Total equity
At April 01, 2013	5,328	3,856,849	(58,908)	2,194,051	5,997,320	7,208,701	13,206,021
Profit for the nine months	-	-	-	122,618	122,618	377,368	499,986
Other comprehensive income							
Foreign currency translation effects	-	-	(34,984)	-	(34,984)	(7,907)	(42,891)
Loss on cash flow hedge in jointly controlled entity	-	-	(4,004)	-	(4,004)	(2,422)	(6,426)
Actuarial gain on defined benefit plan	-	-	11,334	-	11,334	16,675	28,009
Changes in fair value of available for sale securities	-	-	1,675	-	1,675	7,402	9,077
Total comprehensive income for the nine months	-	-	(25,979)	122,618	96,639	391,116	487,755
Contributions by and distributions to owners of the Company							
Share options exercised	-	10,120	-	-	10,120	6,123	16,243
Dividends - non-controlling interests	-	889	-	-	889	(589)	300

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Share based compensation	-	4,109	-	-	4,109	2,486	6,595
Dividends	-	-	-	(179,694)	(179,694)	(148,586)	(328,280)
Total contributions by and distributions to owners of the Company	-	15,118	-	(179,694)	(164,576)	(140,566)	(305,142)
Transactions with owners of the Company							
Acquisition of treasury shares	-	(43,412)	-	-	(43,412)	(26,268)	(69,680)
Expired dividends	-	303	-	-	303	507	810
Total transactions with owners of the Company	-	(43,109)	-	-	(43,109)	(25,761)	(68,870)
At December 31, 2013	5,328	3,828,858	(84,887)	2,136,975	5,886,274	7,433,490	13,319,764

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

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Cosan Limited

Consolidated statement of cash flows

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

	Note	Nine months ended December 31, 2013	March 31, 2013 (Restated)	Year ended March 31, 2012 (Restated)
Cash flows from operating activities				
Profit before taxes		539,180	920,886	3,134,956
Adjustments for:				
Depreciation and amortization	16 / 17	439,144	334,786	260,880
Biological assets		-	-	(9,136)
Equity in income of investees	13	(5,497)	(70,414)	(39,188)
Equity in income of jointly controlled entity	14	(242,036)	(603,912)	(349,363)
Gain (loss) on disposal of assets		6,922	(100,349)	(19,516)
Share-based compensation expense		6,595	13,295	10,800
Changes in fair value of investment property	15	(125,324)	(138,776)	-
Provisions for legal proceedings		80,944	49,334	80,943
Indexation charges, interest and exchange gains/losses, net		825,774	438,361	355,072
Effect of the formation of Joint Ventures		-	-	(2,850,868)
Other		43,948	67,440	16,974
		1,569,650	910,651	591,554
Changes in:				
Trade receivables		(254,236)	(62,414)	(285,107)
Securities		-	(14,276)	-
Restricted cash		18,220	-	124,659
Cash from discontinued operations	31	-	116,387	21,233
Inventories		(28,324)	(33,355)	(371,060)
Recoverable taxes		(13,167)	(28,488)	83,798
Related parties		(8,519)	(104,078)	(280,886)
Advances to suppliers		4,954	15,269	(103,972)
Trade payables		55,728	(5,280)	103,469
Employee benefits		(14,216)	(55,194)	89,807
Provisions for legal proceedings		(107,484)	(9,212)	71,593
Income tax and other tax		(156,476)	(313,702)	745,229
Other		82,340	(133,193)	(138,333)
		(421,180)	(627,536)	60,430
Net cash generated by operating activities		1,148,470	283,115	651,984
Cash flows from investing activities				
Acquisitions net of cash acquired		-	(2,995,499)	(145,861)
Capital contribution in associates		(79,594)	(61,014)	-
Cash contributed - formation of Raízen		-	-	(394,766)

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Dividends received from associates		3,684	-	-
Dividends received from jointly controlled entity		406,424	578,757	134,051
Acquisition of property, plant and equipment and intangible assets	16 / 17	(976,119)	(649,681)	(678,442)
Acquisition of biological assets		-	-	(158,119)
Proceeds from sale of property, plant and equipment, intangible and investments, net of cash contributed		65,350	220,719	65,835
Proceeds from sale of discontinued operation	31	57,175	196,546	-
Net cash used in discontinued operation	31	-	(411)	(2,859)
Net cash used in investing activities		(523,080)	(2,710,583)	(1,180,161)

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Cosan Limited

Consolidated statement of cash flows

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

Cash flows from financing activities

Loans and borrowings raised	1,072,339	6,197,855	1,818,518
Payment of principal and interest on loans and borrowings	(1,460,470)	(2,787,121)	(963,388)
Acquisition of non-controlling interest	-	(82,500)	-
Redemption of shares in subsidiary	-	-	(99,784)
Derivative financial instruments	82,621	-	(96,606)
Dividends paid	(314,446)	(396,462)	(333,659)
Treasury shares	(69,659)	(17,250)	(48,258)
Proceeds from exercise of share options	16,243	16,764	-
Net cash (used in) generated by financing activities	(673,372)	2,931,286	276,823
(Decrease) increase in cash and cash equivalents	(47,982)	503,818	(251,354)
Cash and cash equivalents at the beginning of the year	1,544,072	1,036,217	1,271,780
Effect of exchange rate fluctuations on cash held	13,475	4,037	15,791
Cash and cash equivalents at the ended of the year	1,509,565	1,544,072	1,036,217
Supplemental cash flow information			
Interest paid	376,526	166,068	136,210
Income taxes paid	129,539	224,640	80,699

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

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Cosan Limited

Notes to the consolidated financial statements

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

1 Operations

Cosan Limited (“Cosan”) was incorporated in Bermuda on April 30, 2007. Cosan’s class A common shares are traded on the New York Stock Exchange (NYSE – CZZ). The BDRs (Brazilian Depositary Receipts) representing Cosan’s class A common shares are listed on the São Paulo Stock Exchange (BM&FBovespa – CZLT33). Mr. Rubens Ometto Silveira Mello is the ultimate controlling shareholder of Cosan. Cosan controls Cosan S.A. Indústria e Comércio (“Cosan S.A.”) and its subsidiaries with a 62.30 % interest. Cosan, Cosan S.A. and its subsidiaries are collectively referred to as the “Company”.

The Company’s primary activities are in the following business segments: (i) Piped natural gas distribution to part of the State of São Paulo through its subsidiary Companhia de Gás de São Paulo – COMGÁS (“COMGÁS”), which is consolidated since November 2012 (See Note 12); (ii) Logistics services including transportation, port loading and storage of sugar, through its subsidiary Rumo Logística Operadora Multimodal S.A. (“Rumo”); (iii) Purchase, sale and leasing of agricultural land through its subsidiary, Radar Propriedades Agrícolas S.A. (“Radar”); (iv) Production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian market using the Comma brand and corporate activities; and (v) other investments, in addition to the corporate structures of the Company (“Cosan’s other business”).

The Company also holds interests in two jointly controlled entities (“Joint Ventures” or “JVs”): (i) Raízen Combustíveis S.A. (“Raízen Combustíveis”), fuel distribution business, and (ii) Raízen Energia S.A. (“Raízen Energia”), production and marketing of sugar, ethanol and energy cogeneration, produced from sugar cane bagasse. Cosan and Royal Dutch Shell (“Shell”) share control of the two entities, where each owns 50% of the economic control. Up until the adoption of IFRS11 – Joint Arrangements (“IFRS 11”), these investments were accounted for using the proportional consolidation method. Upon the adoption of IFRS 11 in fiscal year ended December 31, 2013, these investments are accounted for under the equity method (Note 14).

On November 5, 2012, the Company completed the acquisition of 60.05% of COMGÁS from BG Group for R\$ 3.4 billion. COMGÁS has been consolidated from the acquisition date and represents a separate segment.

On October 24, 2012, the Company signed an Amendment to the Association Agreement and Other Covenants signed on May 28, 2012, with Camil Alimentos SA (“Camil”) whereby it agreed the sale of all of the shares of its subsidiary, Docelar Alimentos e Bebidas S.A., to Camil (Note 10 b)).

The Annual General Shareholders' Meeting held on July 31, 2013, approved a fiscal year end change from March 31st to December 31st. This change was driven by changes in the Company’s investment portfolio, in which other business that do not use the harvest year (March 31) have become more significant. With this change, the Company’s fiscal year begins January 1st, and end December 31st each year. Accordingly, these consolidated financial statements are for the nine months ended December 31, 2013 (transition period) and years ended March 31, 2013 and 2012, therefore, they are not comparable.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial

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Cosan Limited

Notes to the consolidated financial statements

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2014.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value;
 - Available-for-sale financial assets are measured at fair value;
 - Investment property is measured at fair value; and
- Employees' defined benefit obligations are presented at the present value of the actuarial obligation net of the fair value of plan assets as explained in Note 33.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Brazilian reais. However, the functional currency of Cosan Limited is the U.S. dollar (US\$). The Brazilian real is the functional currency of Cosan S.A., its subsidiaries and jointly controlled entities, located in Brazil, as it is the currency of the primary economic environment in which they operate, generate and expend cash. The functional currency for the subsidiaries located outside Brazil is U.S. dollar or the British pound.

The financial statements are presented in Brazilian real (R\$).

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses at the end of the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 12 – Business combinations

When the Company has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities, it is accounted for as a subsidiary and consolidated into the financial statements. We consider we have control over Radar, without

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owning a majority of the common shares, as Cosan S.A.'s rights under the Shareholders' Agreement provides Cosan S.A. the ability to direct all relevant activities of Radar and have a majority say in the key financial and operating decisions of Radar.

In addition, the vast majority of the rights of the non-controlling shareholders were considered protective in nature. Cosan is also able to appoint a majority of the members of the Board of Directors and has outstanding warrants against the non-controlling shareholders which are currently exercisable and enable Cosan the ability to purchase an additional 20% participation in Radar (Note 12).

- Notes 16 and 17 – Property, plant and equipment and intangible assets

The calculation of depreciation and amortization of intangible assets and property, plant and equipment is based on estimated useful lives. In addition, the determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination or arising from the formation of a Joint Venture is a significant estimate.

The Company annually performs a review of impairment indicators for intangible assets and property, plant and equipment. Also, an impairment test is undertaken for goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The key assumptions used to determine the recoverable amount of the different cash generating units to which goodwill is allocated are explained in Note 17.

- Note 21 – Income taxes and social contribution

A deferred tax asset is recognized for loss carryforwards to the extent that it is probable that future taxable income will be generated to realize such losses. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and the level of future taxable income together with future tax planning strategies.

- Other non-current asset

The Company has recognized a receivable in relation to a lawsuit filed against the Federal Government, claiming indemnification due to price controls, which receipt is virtually certain, as the Supreme Court passed final judgment and the Federal Government is unable to appeal (Note 22).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 7 – Trade receivables

Estimate of receivable from contract under arbitration:

As described in Note 7, the Company is a defendant in legal action initiated by América Latina Logística (“ALL”), a supplier of rail transport and lessee of rolling stock, in relation

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to the investment and transportation contracts entered into in 2009. The Company has requested arbitration to enforce its contractual rights and for ALL to comply with the terms of the agreements. Services for rail transport continue to be provided by ALL.

The amounts recorded as revenue and as a receivable are for the services provided under the terms of the contract, and represent managements' best estimate of the inflow of economic benefit, and backed by guarantees provided by ALL. However, the result of the arbitration may be a settlement that is materially higher or lower than the amounts recorded in the financial statements as trade receivables.

- Note 32 – Fair value of derivatives and other financial instruments

When the fair value of financial assets and liabilities recorded in the consolidated financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in determining fair values. Judgment is required in the determination of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions on these factors could affect the reported fair value of financial instruments.

- Note 33 – Pension and other post-employment benefit plans

The cost of defined benefit pension plans and other post-employment and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves the use of various assumptions which may differ from actual results in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by management at each reporting date.

- Note 34 – Share based payments

Cosan S.A. measures employees' share based compensation cost by reference to the fair value of the shares at the grant date. The estimation of fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the plan. This estimate also requires determining the most appropriate inputs to the valuation model including the assumption of the expected life of the stock option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34.

- Note 22 – Provisions for legal proceedings recognized on business combination transactions

Provisions for legal proceedings resulting from business combinations are estimated at fair value.

Contingent consideration payables resulting from business combinations are estimated at fair value, with changes in fair value recognized in profit or loss. At December 31, 2013 and March 31, 2013, the Company had contingent

consideration of R\$ 209,689 and R\$ 194,164,

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respectively, in relation to the business combination of CLE in 2008.

3 Significant accounting policies

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

3.1 Basis of consolidation

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

	Ownership percentage		
	December 31, 2013	March 31, 2013	April 1, 2012
Directly owned subsidiary			
<u>Cosan S.A.</u>	62.30	62.30	62.30
Interest of Cosan S.A. in its subsidiaries			
Subsidiaries			
Administração de Participações Aguassanta Ltda.	65.00	65.00	91.50
Águas da Ponte Alta S.A.	65.00	65.00	91.50
Bioinvestments Negócios e Participações S.A.	65.00	65.00	91.50
CCL Cayman Finance Limited	100.00	100.00	100.00
Comma Oil Chemicals	100.00	100.00	-
Companhia de Gás de São Paulo - COMGÁS	60.05	60.05	-
Copsapar Participações S.A.	-	-	90.00
Cosan Biomassa S.A.	100.00	100.00	-
Cosan Cayman Finance Limited	100.00	100.00	100.00
Cosan Cayman II Limited	100.00	100.00	100.00
Cosan Global Limited	100.00	-	-
Cosan Infraestrutura S.A.	100.00	100.00	-
Cosan Lubes Investiments Limited	100.00	100.00	-
Cosan Investimentos e Participações S.A.	100.00	-	-
Cosan Lubrificantes e Especialidades S.A.	100.00	100.00	100.00
Cosan Luxembourg S.A.	100.00	100.00	-
Cosan Overseas Limited	100.00	100.00	100.00
Cosan US, Inc.	100.00	100.00	-
Docelar Alimentos e Bebidas S.A.	-	-	99.90
Handson Participações S.A.	-	-	100.00

Logisport Armazéns Gerais S.A.(2)	38.25	38.25	38.25
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Nova Agrícola Ponte Alta S.A.(1)	29.50	29.50	-
Nova Amaralina S.A. Propriedades Agrícolas(1)	29.50	29.50	-
Nova Santa Barbara Agrícola S.A.(1)	29.50	29.50	-
Novo Rumo Logística S.A.	100.00	100.00	92.90
Pasadena Empreendimentos e Participações S.A.	100.00	100.00	100.00
Proud Participações S.A.	65.00	65.00	100.00
Radar II Propriedades Agrícolas S.A.	65.00	65.00	-
Radar Propriedades Agrícolas S.A. (1)	29.50	29.50	-
Rumo Logística Operadora Multimodal S.A.	75.00	75.00	69.67
Stallion S.A.	100.00	100.00	100.00
Terras da Ponte Alta S.A.(1)	29.50	29.50	-
Vale da Ponte Alta S.A.	65.00	65.00	91.50

(1) See details related on gain of control in Note 12 II;

(2) Cosan has control over this subsidiary through an interest of 51% held by Rumo.

a) Business combinations

Business combinations are accounted for using the acquisition method – i.e. when control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or in other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and

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liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as a bargain purchase gain.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

b) Non-controlling interests

For each business combination, the Company elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights, direct or indirectly. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Company's voting rights relative to the size and dispersion of holdings of other shareholders give the Company the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date of acquisition of control, and continue to be consolidated until the date that control ceases to exist.

The financial statements of subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies.

d) Investments in associates (equity method investees)

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20

percent and 50 percent of the voting power of another entity.

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Investments in associates are accounted for under the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity method investees, after adjustments to align the accounting policies with those of the Company.

When the Company's share of losses exceeds its interest in an equity method investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

e) Investments in jointly controlled entities

The Company has interests in joint ventures, which are jointly controlled entities, whereby the ventures have a contractual arrangement that establishes joint control over the voting and economic activities of the entity. The contractual arrangements require unanimous agreement for financial and operating decisions among the ventures. The Company recognizes its interest in the joint ventures using the equity method (Note 4 and 14).

f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are similarly eliminated, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the each subsidiary using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the exchange rate at that date.

Translation differences on non-monetary assets and liabilities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency translation effects are generally recognized in profit or loss. However, foreign currency translation effects arising from the translation of the following items are recognized in other comprehensive income:

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- Available-for-sale equity investments (except an impairment is recognized in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
 - Qualifying cash flow hedges to the extent the hedge is effective.

b)

Foreign operations

The assets and liabilities derived from foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Brazilian reais using the exchange rates at the reporting date. Income and expenses of foreign operations are translated to Brazilian reais using the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered part of the net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

c)

Translation of subsidiaries and associates' financial statements

These consolidated financial statements have been translated to the Brazilian Real using the following criteria:

- Assets and liabilities have been translated using the exchange rate at the balance sheet date;
- Statement of income, comprehensive income and statement of cash flows have been translated using the monthly average exchange rate; and
 - Equity has been translated using the historical exchange rate.

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Translation effects have been recognized in equity in the "Cumulative translation adjustment" line item.

The consolidated financial statements of each subsidiary included in these consolidated financial statements and equity method investments are prepared based on the respective functional currency. For subsidiaries whose functional currency is a currency other than the Brazilian Real, asset and liability accounts are translated into the Company's reporting currency using exchange rates in effect at the date of the statement of financial position, and income and expense items are translated using monthly average exchange rates and equity has been translated using the historical exchange rate. The resulting translation adjustments are reported in a separate component of equity, as cumulative translation adjustment.

The exchange rate of the Brazilian Real (R\$) to the U.S. Dollar (US\$) was R\$ 2.3426 = US\$ 1.00 at December 31, 2013, R\$ 2.0138 = US\$ 1.00 at March 31, 2013 and R\$ 1.8221 = US\$ 1.00 at April 1, 2012.

3.3 Financial instruments

a) Non-derivative financial assets

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

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such 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 presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

I. Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment

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strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Financial assets classified as held-for-trading comprise short-term sovereign debt securities actively managed by the Company's treasury department to address short-term liquidity needs.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

II. Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. Interests, monetary, exchange rate, less impairment losses, if any, are recognized in income when incurred in the line of financial income/expense.

Held-to-maturity financial assets comprise debentures. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost.

III. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

IV. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

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b) Cash and cash equivalents

Cash and cash equivalents and highly liquid short-term investments comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

c) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares), bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

Interests paid are disclosed as financing activities in the statements of cash flows.

d) Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if:

- The economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Company formally

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documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are initially recognized at fair value; any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

I. Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

II. Fair value hedge

Changes in fair value of derivatives, that are designated and qualify as fair value hedge, are recorded in the income statement, with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The Company applies hedge accounting for fair value hedges to protect itself against the risk of changes in interest rates and foreign exchange rates on loans. The gain or loss related to the effective portion of interest rate swaps to protect against fixed rate borrowings is recognized in the income statement as "Financial expenses". The gain or loss related to the ineffective portion is recognized in the income statement as "Other gains (losses), net". Changes in fair value of fixed rate borrowings hedged attributable to interest rate risk are recognized in the income statement as "Financial expenses".

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If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the method of effective interest rate is used, is amortized to income over the period to maturity.

III. Embedded derivatives

Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

IV. Other derivative financial instruments

When a derivative financial instrument is not designated in a hedge relationship and does not qualify for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

3.4 Inventory

Inventory is recorded at the lower of average cost of acquisition or production and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions for slow-moving or obsolete inventory are recorded when deemed necessary by management. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

3.5 Non-current assets held for sale and discontinued operations

Non-current assets or groups of assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying value or fair value less costs to sell. Any loss in the value of a group of assets classified as held for sale is initially allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, pension plan assets and investment property. Losses recognized upon classification as held for sale and subsequent gains and losses are recognized in income. Gains are not recognized in excess of any cumulative impairment loss previously recognized.

3.6 Investment property

Agricultural land is stated at fair value, with changes in fair value recognized in profit or loss.

Sale of farms are not recognized in profit or loss until (i) the sale is concluded, (ii) the Company determines that buyer's payment is probable; (iii) the revenue can be reliably measured, and (iv) the Company has transferred the ownership risks to the buyer, without any continuing involvement. The gain from sale of farms is reported in the statement of profit or loss in "Other, net" for the difference

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between the consideration received and the carrying amount of the farm sold.

The fair value of agricultural land was determined based on the method of direct comparison of data from the market, using transactions involving comparable properties (property type, location, and quality of the property) observed in the market (Level 2). The methodology used for determining the fair value considers direct comparisons of market information, such as market research, homogenization of values, price factors, sales, distances, facilities, access to land, topography and soil, land use (culture), rainfall level, among others according to the norms issued by ABNT - Associação Brasileira de Normas Técnicas. The portfolio is valued annually by independent experts and reviewed periodically by internal professionals technically qualified to perform such appraisals.

3.7 Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of constructed assets includes the following:

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

• Capitalized borrowing costs;

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Any gain or loss on disposal of an item of property, plant and equipment, calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognized in profit or loss.

b) Reclassification to investment property

When the use of a property changes from held to use to investment property, the property is remeasured at fair value and reclassified as investment property. Any gain or loss arising on

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this remeasurement is recognized in equity.

c) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

d) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated on the carrying value of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless it is capitalized as part of the cost of another asset. Assets recognized under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

Annual depreciation rates are shown below:

Buildings and Improvements	4%
Machinery, Equipment and Facilities	3% to 10%
Airplanes, Vessels and Vehicles	10% to 20%
Rail Cars	2.90%
Locomotives	3.30%
Furniture and Fixtures	10%
Computer Equipment	20%

Costs of normal periodic maintenance are recorded as expenses when incurred since the components will not improve the production capacity or introduce improvements to the equipment.

Depreciation methods, useful lives and residual values are revised at each reporting date and adjusted if appropriate.

3.8 Intangible assets and goodwill

a) Goodwill

Goodwill is measured at cost less accumulated impairment losses. With respect to equity method investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity method investee as a whole.

b) Research and development

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Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, are recognized in profit or loss as incurred.

Research and development activities involve a plan or design for the production of new or substantially improved products and processes. Research and development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Research and development expenditures are capitalized include the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other research and development expenditures are recognized in profit or loss as incurred.

Capitalized research and development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

c) Other intangible assets

Other intangible assets that are acquired by the Company and have a finite life are measured at cost less accumulated amortization and any accumulated impairment losses.

d) Subsequent expenditure

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

e) Amortization

Except for goodwill, intangible assets are amortized on a straight-line basis over their estimated useful lives, from the date that they are available for use or acquired.

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

f) Contracts with customers

Costs incurred on the development of the gas system for new clients (including pipelines, valves, and general equipment) are recognized as intangible assets and amortized over the contract period.

g) Intangible assets related to the gas concession agreement

The Company's subsidiary COMGÁS, entered into a public concession agreement for the distribution of granted by the Conceding Authority, which, at the end of the concession will hold a significant portion of the infrastructure, controls what services must be rendered and regulates the prices charged. The concession agreement grants COMGÁS with the

right to

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charge customers for the supply of gas during the term of the concession agreement. Therefore, COMGÁS recognizes this right as an intangible asset.

The intangible asset comprises: (i) the concession right recognized upon the business combination of COMGÁS, that is amortized over the concession period on a straight line basis; and (ii) the acquired or constructed underlying assets of the concession, comprised of the infrastructure necessary for the distribution of gas, that are amortized depreciated reflecting the pattern in which the future economic benefits of the asset are expected to be consumed by the Company, or the final term of the concession, whatever occurs first. The consumption pattern of the assets is related to the economic useful lives of each of the underlying assets that comprise the concession. This economic useful life is also used by the regulator to determine the basis for measuring the tariff for rendering the services of the concession, in accordance with the concession contract entered into with the Grantor.

The concession agreement was signed on May 31, 1999 with an initial term of 30 years. Subject to review by the Grantor, COMGÁS has the option to apply for an extension of distribution services for 20 years. Contractual conditions necessary for the extension of the concession contract by the Grantor are under control of the COMGÁS, considering it is in compliance with all regulatory commitments. When the concession is terminated, the assets related to the rendering of gas distribution services will be returned to the Grantor, and the Company will be entitled to receive an indemnification to be determined based on assessments and evaluations performed at that time, which might consider the book value of the concession assets.

In addition, the concession contract determines that the tariff charged by COMGÁS should be reviewed annually, in May, with the aim to realign the tariff charged to consumers to the cost of the gas and adjust the margin of distribution for inflation.

3.9 Impairment

a) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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I. Financial assets measured at amortized cost

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for impairment. Those found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing impairment collectively, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be higher or lower than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

II. Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the accumulated losses recorded in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in the cumulative impairment losses attributable to the application of the effective interest method are reflected as a component of interest income. If, in a subsequent periods, the fair value of an impaired available-for-sale financial asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale financial asset is recognized in other comprehensive income.

An impairment loss with respect to an equity method investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

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b) Non-financial assets

The carrying amounts of the Company's non-financial assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to Companies of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized with respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss with respect to goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

As of December 31, 2013 and March 31, 2013, the Company recognized a contingent consideration of R\$ 209,689 and R\$ 194,164, respectively, in relation to the business combination of Esso in 2008. This contingent consideration is measured at fair value with changes in fair value recognized in profit or loss.

The consideration is contingent on meeting certain targets for gross revenues and sales quantities of some former ExxonMobil products for a 10 year period from the date of acquisition in 2008.

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3.11 Employee benefits

a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay these amounts as a result of past services provided by the employee, and the obligation can be estimated reliably.

b) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee compensation expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees with respect to share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to the cash payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit expenses in profit or loss.

c) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

d) Defined benefit plans

The Company, through its indirect subsidiaries Cosan Lubrificantes Especialidades S.A. (“CLE”) and COMGÁS is the sponsor of defined benefit pension plans for some of its employees. The cost of providing benefits under the defined benefit plan is determined annually by independent actuaries using the projected unit credit method.

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A defined benefit plan is a post-employment benefit plans other than a defined contribution plan. The Company's net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date of the financial statements for the high quality government bonds, and maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognized.

e) Other long-term employee benefit

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date of the financial statements for the high credit quality bonds, and maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

3.12 Revenue

a) Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

b) Sales of services

Revenues from services are recognized when the entity transfers to the buyer the significant

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risks and rewards inherent to the services, when they are probable that the economic benefits associated with the transaction will flow to the Company, as well as its value and related costs, can be measured reliably. Service prices are established based on service orders or contracts. Services for which payment is made in advance are recorded as deferred revenue in other liabilities and recognized in revenue when the services are rendered.

I. Billed revenue

Revenue from gas distribution services is recognized when its amount can be reliably measured, and is recognized in profit or loss when the volumes are delivered to customers.

II. Unbilled revenue

Unbilled gas refers to the portion of gas supplied for which metering and billing to customers have not yet occurred. This amount is estimated based on the period between measurement and the last day of the month.

The actual volume billed may be different from estimates. The Company believes that, based on experience, the unbilled estimated amount will not significantly differ from actual amounts.

III. Concession construction revenue

The construction of the infrastructure necessary for gas distribution is considered a construction service rendered to the Grantor, and the related income is recognized in profit or loss at fair value.

Construction costs are recognized by reference to the stage of completion of the construction activity at the end of the reporting period, and are included in cost of sales.

3.13 Leases

a) Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets leased under operating leases and are not recognized in the Company's statement of financial position.

b) Leased payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis

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over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

c) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes in a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

3.14 Finance income and finance expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognized in profit or loss and reclassifications of net gains previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss and contingent consideration, impairment losses recognized on financial assets (other than trade receivables), losses on hedging instruments that are recognized in profit or loss and reclassifications of net losses previously recognized in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

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Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether the net foreign currency fluctuations result in a gain or loss position.

3.15 Tax

Income taxes are comprised of income tax and social contribution at a combined rate of 34%. Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Also, for some subsidiaries income tax and social contribution are calculated based on the Brazilian presumed profits method by taxing a profit percentage of 32% of operating revenues at a rate of 15% plus an additional 10% on taxable revenue in excess of R\$ 240 for income tax; and 9% on taxable revenue for social contribution.

a) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and tax loss. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary

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differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for loss carryforwards, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be generated in the future. Deferred tax assets are reviewed at each reporting date and written off to the extent that it is no longer probable that the related tax benefit will be realized.

c) Indirect tax

Net revenue is recognized net of discounts and sales taxes.

d) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4 Changes in accounting policies and disclosures and immaterial correction of an error

4.1 New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

I. IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair

value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this

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creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

II. IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The Company is not currently subject to significant levies therefore it does not expect that the application of the new standard will have a material impact on the Company's consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4.2 Changes in accounting policies and disclosures

The following standards have been adopted by the Company for the first time for the fiscal year beginning April 1, 2013:

(a) Amendment to IAS 1, Presentation of Financial Statement

The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

(b) IFRS 10, Consolidated Financial Statement

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The application of IFRS 10, did not have an impact on the financial statements.

(c) IFRS 11, Joint Arrangements

IFRS 11, focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

Upon the application of IFRS 11, the Company reassessed the accounting for its investments in Raízen Combustíveis and Raízen Energia, and classified them as jointly controlled entities (Joint Ventures) under the new standard. As such, for the year ended December 31, 2013, the Company accounted for these joint ventures under the equity method

as opposed to the proportional consolidation method applied until March 31, 2013. The joints ventures in Raízen Combustíveis and Raízen Energia, were created on June 1, 2011, therefore the

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Statement of Profit or Loss for the year ended March 31, 2011 was not impacted by the adoption of the IFRS 11.

The impact of the application of IFRS 11, is described in 4.4 below.

(d) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

(e) IFRS 13, Fair Value measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

4.3 Immaterial correction of an error

During 2013, the Company identified an error related to the recognition of a tax receivable for the payment of the IPI tax (excise tax) on the purchase of raw materials since 2011. The Company recorded such payments as a tax receivable assuming that it would be able to compensate them with other taxes in the future. Upon further analyses of the tax legislation it was concluded that compensation is not allowed, therefore, the tax receivable should have not been recognized upon payment of the corresponding tax.

The tax receivable recorded since 2011 is as follows:

Year ending	
March 31st, 2013	17,896
March 31st, 2012	12,098
March 31st, 2011	19,638
	49,632

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The Company determined that the reversal of the tax credit recognized is not material to its statement of financial position, statement of profit or loss and other comprehensive income or cash flows in its previously issued financial statements. However, if the entire correction of the error had been recorded at December 31, 2013, the impact would have been significant to the consolidated statement of profit or loss for the nine months ended December 31, 2013. As a result, the Company has determined that it is appropriate to revise the prior period financial statements. The revisions to correct the error in the applicable prior periods are reflected in the financial information herein and will be reflected in future filings containing such financial information. The impact of the correction of an error is described in 4.4 below.

4.4 Impact of changes in accounting policies and immaterial correction of an error

The tables below show the impact of changes in accounting policies derived from the application of IFRS 11 and the immaterial correction of an error to the consolidated financial position at March 31, 2013 and April 1, 2012, the consolidated statements of profit or loss and other comprehensive income for the years ended March 31, 2013 and 2012:

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				March 31, 2013
	As previously reported	Application of the equity method on Joint Ventures (IFRS 11)	Immaterial correction of an error	As restated
Assets				
Cash and cash equivalents	2,493,179	(949,107)	-	1,544,072
Restricted cash	92,596	(74,376)	-	18,220
Investment securities	105,856	-	-	105,856
Trade receivables	1,691,559	(834,423)	-	857,136
Derivative financial instruments	115,364	(83,063)	-	32,301
Inventories	911,910	(636,213)	-	275,697
Receivables from related parties	202,476	(164,834)	-	37,642
Advances to suppliers	268,516	(268,516)	-	-
Income tax receivable	152,906	(110,262)	-	42,644
Other current tax receivable	278,697	(165,345)	(49,632)	63,720
Other financial assets	59,299	-	-	59,299
Dividends receivable	-	119,297	-	119,297
Other assets	96,011	106,054	-	202,065
	6,468,369	(3,060,788)	(49,632)	3,357,949
Assets held for sale	85,426	-	-	85,426
Current assets	6,553,795	(3,060,788)	(49,632)	3,443,375
Trade receivables	73,386	(63,881)	-	9,505
Deferred tax assets	388,732	(185,251)	16,875	220,356
Advances to suppliers	14,856	(14,856)	-	-
Receivables from related parties	681,512	(146,176)	-	535,336
Income tax receivable	-	38,840	-	38,840
Other non-current tax receivable	136,305	(118,424)	-	17,881
Judicial deposits	544,895	(161,642)	-	383,253
Other financial assets	627,137	(180,187)	-	446,950
Derivative financial instruments	113,555	-	-	113,555
Other non-current asset	434,488	(22,466)	-	412,022
Equity method investments	168,032	(117,476)	-	50,556
Investment in joint ventures	-	8,582,741	-	8,582,741
Investment property	2,473,438	-	-	2,473,438
Biological assets	989,239	(989,239)	-	-

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Property, plant and equipment	7,435,103	(6,256,806)	-	1,178,297
Intangible assets and goodwill	13,161,838	(3,546,940)	-	9,614,898
Non-current assets	27,242,516	(3,181,763)	16,875	24,077,628
Total assets	33,796,311	(6,242,551)	(32,757)	27,521,003

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Cosan Limited

Notes to the consolidated financial statements

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

				March 31, 2013
	As previously reported	Application of the equity method on Joint Ventures (IFRS 11)	Immaterial correction of an error	As restated
Liabilities				
Loans and borrowings	2,153,572	(545,199)	-	1,608,373
Derivative financial instruments	28,163	(18,154)	-	10,009
Trade payables	1,387,651	(588,172)	-	799,479
Employee benefits payable	274,430	(180,168)	-	94,262
Income tax payable	37,984	(25,312)	-	12,672
Other current tax liabilities	208,065	(60,374)	-	147,691
Dividends payable	67,364	15,915	-	83,279
Payables to related parties	117,360	(25,927)	-	91,433
Deferred revenue	41,345	(41,345)	-	-
Other current liabilities	339,441	(199,532)	-	139,909
Current liabilities	4,655,375	(1,668,268)	-	2,987,107
Loans and borrowings	9,665,155	(2,765,524)	-	6,899,631
Other non-current tax liabilities	970,310	(19,103)	-	951,207
Provision for legal proceedings	1,145,348	(319,664)	-	825,684
Payables to related parties	318,465	(318,465)	-	-
Pension and post-employment benefits	376,059	-	-	376,059
Deferred tax liabilities	2,616,711	(850,447)	-	1,766,264
Deferred revenue	174,622	(174,622)	-	-
Other non-current liabilities	578,291	(69,261)	-	509,030
Non-current liabilities	15,844,961	(4,517,086)	-	11,327,875
Total liabilities	20,500,336	(6,185,354)	-	14,314,982
Equity				
Share capital	5,328	-	-	5,328
Additional paid in capital	3,856,849	-	-	3,856,849
Other comprehensive income	(58,908)	-	-	(58,908)
Retained earnings	2,214,459	-	(20,408)	2,194,051
Equity attributable to:				

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Owners of the Company	6,017,728	-	(20,408)	5,997,320
Non-controlling interests	7,278,247	(57,197)	(12,349)	7,208,701
Total equity	13,295,975	(57,197)	(32,757)	13,206,021
Total equity and liabilities	33,796,311	(6,242,551)	(32,757)	27,521,003

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

				April 1, 2012
	As previously reported at March 31, 2012	Application of the equity method on Joint Ventures (IFRS 11)	Immaterial correction of an error	As restated
Assets				
Cash and cash equivalents	1,654,146	(617,929)	-	1,036,217
Restricted cash	94,268	(76,035)	-	18,233
Trade receivables	963,587	(731,123)	-	232,464
Derivative financial instruments	19,590	(19,590)	-	-
Inventories	748,150	(597,159)	-	150,991
Receivables from related parties	678,374	(607,942)	-	70,432
Income tax receivable	107,561	(57,765)	-	49,796
Other current tax receivable	217,535	(169,216)	(31,735)	16,584
Other financial assets	40,080	-	-	40,080
Dividends receivable	861	225,842	-	226,703
Other assets	229,428	(171,117)	-	58,311
Current assets	4,753,580	(2,822,034)	(31,735)	1,899,811
Trade receivables	81,627	(81,627)	-	-
Deferred tax assets	543,024	(308,547)	10,790	245,267
Advances to suppliers	21,865	(21,865)	-	-
Receivables from related parties	753,153	(34,538)	-	718,615
Other non-current tax receivable	111,856	(110,850)	-	1,006
Judicial deposits	509,235	(157,881)	-	351,354
Other financial assets	790,402	(149,438)	-	640,964
Other non-current asset	417,107	(50,738)	-	366,369
Equity method investments	419,029	(93,452)	-	325,577
Investment in joint ventures	-	8,189,588	-	8,189,588
Biological assets	968,023	(968,023)	-	-
Property, plant and equipment	7,866,963	(6,210,814)	-	1,656,149
Intangible assets and goodwill	4,932,255	(3,462,873)	-	1,469,382
Non-current assets	17,414,539	(3,461,058)	10,790	13,964,271
Total assets	22,168,119	(6,283,092)	(20,945)	15,864,082

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Cosan Limited

Notes to the consolidated financial statements

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

				April 1, 2012
	As previously reported at March 31, 2012	Application of the equity method on Joint Ventures (IFRS 11)	Immaterial correction of an error	As restated
Liabilities				
Loans and borrowings	540,237	(456,732)	-	83,505
Derivative financial instruments	9,611	(4,329)	-	5,282
Trade payables	606,029	(510,711)	-	95,318
Employee benefits payable	183,660	(140,766)	-	42,894
Income tax payable	11,973	(4,957)	-	7,016
Other current tax liabilities	229,746	(97,072)	-	132,674
Dividends payable	9,725	(1,029)	-	8,696
Payables to related parties	175,488	(53,719)	-	121,769
Deferred revenue	38,040	(38,040)	-	-
Other current liabilities	269,954	(164,249)	-	105,705
Current liabilities	2,074,463	(1,471,604)	-	602,859
Loans and borrowings	4,659,152	(2,665,301)	-	1,993,851
Other non-current tax liabilities	1,202,624	(16,717)	-	1,185,907
Provision for legal proceedings	1,051,677	(287,411)	-	764,266
Payables to related parties	389,718	(373,092)	-	16,626
Pension and post-employment benefits	37,312	-	-	37,312
Deferred tax liabilities	2,443,430	(1,137,604)	-	1,305,826
Deferred revenue	196,260	(196,260)	-	-
Other non-current liabilities	631,860	(100,980)	-	530,880
Non-current liabilities	10,612,033	(4,777,365)	-	5,834,668
Total liabilities	12,686,496	(6,248,969)	-	6,437,527
Equity				
Share capital	5,328	-	-	5,328
Additional paid in capital	3,811,808	-	-	3,811,808
Other comprehensive income	(176,500)	-	-	(176,500)
Retained earnings	1,936,687	-	(13,049)	1,923,638
Equity attributable to:				

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Owners of the Company	5,577,323	-	(13,049)	5,564,274
Non-controlling interests	3,904,300	(34,123)	(7,896)	3,862,281
Total equity	9,481,623	(34,123)	(20,945)	9,426,555
Total equity and liabilities	22,168,119	(6,283,092)	(20,945)	15,864,082

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Cosan Limited

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	March 31, 2013			
	As previously reported	Application of the equity method on Joint Ventures (IFRS 11)	Immaterial correction of an error	As restated
Net sales	30,016,488	(25,430,279)	-	4,586,209
Cost of sales	(26,684,266)	23,472,957	-	(3,211,309)
Gross profit	3,332,222	(1,957,322)	-	1,374,900
Selling expenses	(1,292,312)	832,879	-	(459,433)
General and administrative expenses	(845,460)	425,927	-	(419,533)
Other income (expense), net	326,310	(134,675)	(17,896)	173,739
Operating (loss) income	(1,811,462)	1,124,131	(17,896)	(705,227)
Income before financial results, equity in income of associates and income taxes	1,520,760	(833,191)	(17,896)	669,673
Equity in income of associates				
Equity in income of investees	58,860	11,554	-	70,414
Equity in income of jointly controlled entity	-	603,912	-	603,912
	58,860	615,466	-	674,326
Financial results				
Finance expense	(781,330)	203,325	-	(578,005)
Finance income	262,887	(99,224)	-	163,663
Foreign exchange losses, net	(146,789)	63,535	-	(83,254)
Derivatives	45,604	28,879	-	74,483
	(619,628)	196,515	-	(423,113)
Profit (loss) before taxes	959,992	(21,210)	(17,896)	920,886
Income taxes expenses				
Current	(294,638)	194,589	-	(100,049)
Deferred	153,427	(185,816)	6,085	(26,304)
	(141,211)	8,773	6,085	(126,353)

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Profit (loss) from continuing operations	818,781	(12,437)	(11,811)	794,533
Profit from discontinued operation, net of tax	138,918	-	-	138,918
Profit (loss) for the year	957,699	(12,437)	(11,811)	933,451
Net income (loss) attributable to				
Owners of the Company (including discontinued operation)	431,429	-	(7,359)	424,070
Non-controlling interests	526,270	(12,437)	(4,452)	509,381
Total comprehensive income for the year	1,159,357	(12,437)	(11,811)	1,135,109

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Cosan Limited

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

				March 31, 2012
	As previously reported	Application of the equity method on Joint Ventures (IFRS 11)	Immaterial correction of an error	As restated
Net sales	23,390,450	(18,826,896)	-	4,563,554
Cost of sales	(20,887,643)	17,191,458	-	(3,696,185)
Gross profit	2,502,807	(1,635,438)	-	867,369
Selling expenses	(1,052,310)	733,881	-	(318,429)
General and administrative expenses	(634,015)	359,553	-	(274,462)
Other income (expense), net	122,436	(132,067)	(12,098)	(21,729)
	(1,563,889)	961,367	(12,098)	(614,620)
Gain on the de-recognition of subsidiaries to form the Joint Venture	2,752,730	1	-	2,752,731
Operating (loss) income	1,188,841	961,368	(12,098)	2,138,111
Income before financial results, equity in income of associates and income taxes	3,691,648	(674,070)	(12,098)	3,005,480
Equity in income of associates				
Equity in income of investees	33,268	316,095	-	349,363
Equity in income of jointly controlled entity	-	39,188	-	39,188
	33,268	355,283	-	388,551
Financial results				
Finance expense	(585,990)	5,221	-	(580,769)
Finance income	203,798	119,835	-	323,633
Foreign exchange losses, net	(93,888)	77,353	-	(16,535)
Derivatives	(4,380)	18,976	-	14,596
	(480,460)	221,385	-	(259,075)
Profit (loss) before taxes	3,244,456	(97,402)	(12,098)	3,134,956
Income taxes expenses				
Current	(133,914)	75,171	-	(58,743)
Deferred	(982,458)	17,981	4,113	(960,364)

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	(1,116,372)	93,152	4,113	(1,019,107)
Profit (loss) from continuing operations	2,128,084	(4,250)	(7,985)	2,115,849
Profit from discontinued operation, net of tax	64,248	-	-	64,248
Profit (loss) for the year	2,192,332	(4,250)	(7,985)	2,180,097
Net income (loss) attributable to				
Owners of the Company (including discontinued operation)	1,181,342	-	(4,975)	1,176,367
Non-controlling interests	1,010,990	(4,250)	(3,010)	1,003,730
Total comprehensive income for the year	2,346,779	(4,250)	(7,985)	2,334,544

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

				March 31, 2013
	As previously reported	Application of the equity method on Joint Ventures (IFRS 11)	Immaterial correction of an error	As restated
Cash flows from operating activities				
Profit before taxes	959,992	(21,210)	(17,896)	920,886
Adjustments for:				
Depreciation and amortization	1,544,087	(1,209,301)	-	334,786
Biological assets	112,511	(112,511)	-	-
Equity in income of investees	(58,860)	(11,554)	-	(70,414)
Equity in income of jointly controlled entity	-	(603,912)	-	(603,912)
Gain (loss) on disposal of assets	(86,436)	(13,913)	-	(100,349)
Share-based compensation expense	13,295	-	-	13,295
Changes in fair value of investment property	(138,776)	-	-	(138,776)
Provisions for legal proceedings	51,085	(1,751)	-	49,334
Indexation charges, interest and exchange gains/losses, net	658,910	(220,549)	-	438,361
Other	43,867	5,677	17,896	67,440
	3,099,675	(2,189,024)	-	910,651
Changes in:				
Trade receivables	(162,364)	99,950	-	(62,414)
Securities	(14,276)	-	-	(14,276)
Restricted cash	1,660	(1,660)	-	-
Cash from discontinued operations	116,387	-	-	116,387
Inventories	(81,309)	47,954	-	(33,355)
Recoverable taxes	(20,738)	(7,750)	-	(28,488)
Related parties	(125,484)	21,406	-	(104,078)
Advances to suppliers	36,885	(21,616)	-	15,269
Trade payables	85,518	(90,798)	-	(5,280)
Employee benefits	(11,757)	(43,437)	-	(55,194)
Provisions for legal proceedings	(9,212)	-	-	(9,212)
Derivative financial instruments	(5,424)	5,424	-	-
Income tax and other tax	(530,092)	216,390	-	(313,702)
Other	(38,042)	(95,151)	-	(133,193)
	(758,248)	130,712	-	(627,536)
Net cash generated by operating activities	2,341,427	(2,058,312)	-	283,115

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Cash flows from investing activities				
Acquisitions net of cash acquired	(3,155,391)	98,878	-	(3,056,513)
Dividends received from jointly controlled entity	-	578,757	-	578,757
Acquisition of property, plant and equipment and intangible assets	(1,701,980)	1,052,299	-	(649,681)
Acquisition of biological assets	(474,392)	474,392	-	-
Proceeds from sale of property, plant and equipment, intangible and investments, net of cash contributed	333,727	(113,008)	-	220,719
Proceeds from sale of discontinued operation	196,546	-	-	196,546
Net cash used in discontinued operation	(411)	-	-	(411)
Net cash used in investing activities	(4,801,901)	2,091,318	-	(2,710,583)

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Cosan Limited

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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

Cash flows from financing activities				
Loans and borrowings raised	6,868,759	(670,904)	-	6,197,855
Payment of principal and interest on				
loans and borrowings	(3,769,910)	982,789	-	(2,787,121)
Acquisition of non-controlling interest	(82,500)	-	-	(82,500)
Dividends paid	(379,759)	(16,703)	-	(396,462)
Treasury shares	(17,250)	-	-	(17,250)
Proceeds from exercise of share options	16,764	-	-	16,764
Capital subscribed in jointly controlled entities	659,366	(659,366)	-	-
Net cash generated by (used in) financing activities	3,295,470	(364,184)	-	2,931,286
Increase (decrease) in cash and cash equivalents	834,996	(331,178)	-	503,818
Cash and cash equivalents at the				
beginning of the year	1,654,146	(617,929)	-	1,036,217
Effect of exchange rate fluctuations on cash held	4,037	-	-	4,037
Cash and cash equivalents at the ended of the year	2,493,179	(949,107)	-	1,544,072
Supplemental cash flow information				
Interest paid	260,167	(94,099)	-	166,068
Income taxes paid	341,941	(117,301)	-	224,640

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Cosan Limited

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	March 31, 2012			
	As previously reported	Application of the equity method on Joint Ventures (IFRS 11)	Immaterial correction of an error	As restated
Cash flows from operating activities				
Profit before taxes	3,244,456	(97,402)	(12,098)	3,134,956
Adjustments for:				
Depreciation and amortization	1,141,064	(880,184)	-	260,880
Biological assets	(60,093)	50,957	-	(9,136)
Equity in income of investees	(33,268)	(5,920)	-	(39,188)
Equity in income of jointly controlled entity	-	(349,363)	-	(349,363)
Gain (loss) on disposal of assets	(65,962)	46,446	-	(19,516)
Share-based compensation expense	10,800	-	-	10,800
Provisions for legal proceedings	80,835	108	-	80,943
Indexation charges, interest and exchange gains/losses, net	644,163	(289,091)	-	355,072
Effect of the formation of Joint Ventures	(2,850,868)	-	-	(2,850,868)
Other	(5,783)	10,659	12,098	16,974
	2,105,344	(1,513,790)	-	591,554
Changes in:				
Trade receivables	(369,820)	84,713	-	(285,107)
Restricted cash	79,452	45,207	-	124,659
Cash provided from discontinued operations	21,233	-	-	21,233
Inventories	(184,225)	(186,835)	-	(371,060)
Recoverable taxes	(6,930)	90,728	-	83,798
Related parties	(738,014)	457,128	-	(280,886)
Advances to suppliers	(103,294)	(678)	-	(103,972)
Trade payables	224,033	(120,564)	-	103,469
Employee benefits	106,675	(16,868)	-	89,807
Provision for judicial demands	63,125	8,468	-	71,593
Income tax and other tax	742,474	2,755	-	745,229
Other	153,749	(292,082)	-	(138,333)
	(11,542)	71,972	-	60,430
Net cash generated by (used in) operating activities	2,093,802	(1,441,818)	-	651,984
Cash flows from investing activities				

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Acquisitions net of cash acquired	(72,930)	(72,931)	-	(145,861)
Cash contributed - formation of Raízen	(173,116)	(221,650)	-	(394,766)
Dividends received from jointly controlled entity	121,433	12,618	-	134,051
Acquisition of property, plant and equipment and intangible assets	(1,624,012)	945,570	-	(678,442)
Acquisition of biological assets	(551,974)	393,855	-	(158,119)
Proceeds from sale of property, plant and equipment, intangible and investments, net of cash contributed	152,237	(86,402)	-	65,835
Net cash used in discontinued operation	(2,859)	-	-	(2,859)
Net cash used in investing activities	(2,151,221)	971,060	-	(1,180,161)

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Cosan Limited

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Cash flows from financing activities				
Loans and borrowings raised	2,346,396	(527,878)	-	1,818,518
Payment of principal and interest on				
loans and borrowings	(1,889,362)	925,974	-	(963,388)
Redemption of shares in subsidiary	(99,784)	-	-	(99,784)
Derivative financial instruments	(112,281)	15,675	-	(96,606)
Dividends paid	(333,659)	-	-	(333,659)
Treasury shares	(48,258)	-	-	(48,258)
Capital subscribed in jointly controlled entities	560,946	(560,946)	-	-
Net cash generated by (used in) financing activities	423,998	(147,175)	-	276,823
Increase (decrease) in cash and cash equivalents	366,579	(617,933)	-	(251,354)
Cash and cash equivalents at the				
beginning of the year	1,271,780	-	-	1,271,780
Effect of exchange rate fluctuations on cash held	15,791	-	-	15,791
Cash and cash equivalents at the ended of the year	1,654,150	(617,933)	-	1,036,217
Supplemental cash flow information				
Interest paid	305,527	(169,317)	-	136,210
Income taxes paid	179,655	(98,956)	-	80,699

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Cosan Limited

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
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5 Operating segments

Segment information

The following segment information is based on the information used by Cosan's senior management to assess the performance of the operating segments and to make decisions with regards to the allocation of resources. This information is prepared on a consistent basis with the accounting policies used in the preparation of the consolidated financial statements. Cosan evaluates the performance of its operating segments based on the measure of EBITDA. A reconciliation of EBITDA to profit (loss) of the year is presented below.

Operating segments

- I. Raízen Energia: production and marketing of a variety of products derived from sugar cane, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment holds interests in companies engaged in research and development on new technology;
- II. Raízen Combustíveis: distribution and marketing of fuels, mainly through a franchised network of service stations under the brand "Shell" and "Esso" throughout Brazil;
- III. COMGÁS: distribution of piped natural gas to part of the State of São Paulo (approximately 180 municipalities, including the region called Greater São Paulo) to customers in the industrial, residential, commercial, automotive, thermogeneration and cogeneration sectors;
- IV. Rumo: logistics services for transport, storage and port loading of commodities, mainly for sugar products;
- V. Radar: management, buying, selling and leasing of agricultural;
- VI. Lubricants: production and distribution of lubricants under the Mobil brand in Brazil, Bolivia, Uruguay and Paraguay, as well as European and Asian market with a Comma trademark; Due to the adoption of IFRS 11, whereby the Company no longer proportionally consolidates the results of Raízen Energia and Raízen Combustíveis, the Lubricants segment met the quantitative thresholds to be separately reportable, and the comparative segment information is being restated;
- VII. Cosan's others business: other investments, in addition to the corporate activities of the Company.

The segments Raízen Energia and Raízen Combustíveis are equity accounted for and no longer proportionally consolidated into our financial statements as a result of the adoption of IFRS 11. However, the Company's senior management continues to review segment information of 100% of the results of these segments and a reconciliation of these segments to the entity's financial information is presented in the column "Deconsolidation IFRS 11."

The following assets and income statement selected information by segment was prepared on the same basis as the accounting practices used in the preparation of consolidated information:

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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

	Nine months ended December 31, 2013							Cosan's	Deconsolidated	
	Raízen Energia	Raízen Combustíveis	COMGÁS	Rumo	Radar	Lubricants	business	other effects	IFRS	S
									11	elim
Statement of income:										
Net sales	6,850,389	37,580,570	4,888,895	749,350	54,732	1,185,199	38	(44,430,959)	-	
Domestic market	2,964,443	37,580,570	4,888,895	676,924	54,732	947,274	38	(40,545,013)	-	
External market	3,885,946	-	-	72,426	-	237,925	-	(3,885,946)	-	
Gross profit	1,260,349	1,916,015	1,364,700	301,905	48,674	284,668	38	(3,176,364)	-	
Selling, general and administrative expenses	(885,716)	(1,093,999)	(661,678)	(57,588)	(18,369)	(234,102)	(99,161)	1,979,715	-	
Other income (expenses)	(35,209)	292,211	(1,599)	(14,364)	131,191	(19,135)	(19,821)	(257,002)	-	
Financial income	186,230	69,070	44,659	41,292	3,812	23,409	75,740	(255,300)	(9)	
Financial expense	(346,004)	(63,418)	(163,090)	(27,975)	(668)	(51,689)	(570,192)	409,422	9	
Exchange rate	(370,860)	(181,419)	(162,449)	372	(48)	21,419	(183,789)	552,279	-	
Derivatives	(115,634)	76,566	139,899	-	-	1,857	93,729	39,068	-	
Equity in income of investees	(24,075)	4,826	-	-	29	(7,812)	412,204	19,249	(3)	
Equity in income of jointly controlled entity	-	-	-	-	-	-	242,036	-	-	
Income tax and social contribution	122,199	(298,084)	(152,740)	(83,167)	(10,230)	(23,918)	230,861	175,885	-	
Profit (loss) for the period	(208,720)	721,768	407,702	160,475	154,391	(5,303)	181,645	(513,048)	(3)	
Other selected data:										
	1,386,600	385,728	322,170	58,955	727	55,452	1,840	(1,772,328)	-	

Depreciation
and
amortization

EBITDA	1,701,949	1,504,781	1,023,593	288,907	162,252	79,071	537,137	(3,206,730)	(3)
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Addition
PP&E,
intangible and
biological
assets (cash)

	1,513,389	681,241	677,695	198,047	60	81,353	18,965	(2,194,630)	-
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Reconciliation
of EBITDA

Profit (loss) for the period	(208,720)	721,768	407,702	160,474	154,391	(5,303)	181,646	(513,048)	(3)
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Income tax
and social
contribution

	(122,199)	298,084	152,740	83,167	10,230	23,918	(230,861)	(175,885)	-
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Financial
result, net

	646,268	99,201	140,981	(13,689)	(3,096)	5,004	584,512	(745,469)	-
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Depreciation
and
amortization

	1,386,600	385,728	322,170	58,955	727	55,452	1,840	(1,772,328)	-
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EBITDA	1,701,949	1,504,781	1,023,593	288,907	162,252	79,071	537,137	(3,206,730)	(3)
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Cosan Limited

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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

	Year ended March 31, 2013 (Restated)						Cosan's other business	Deconsolidated effects IFRS 11	S elim
	Raízen Energia	Raízen Combustíveis	COMGÁS	Rumo	Radar	Lubricants			
Statement of income:									
Net sales	8,468,238	43,532,232	2,398,989	712,776	51,853	1,417,474	5,117	(52,000,470)	-
Domestic market	3,454,440	43,532,232	2,398,989	631,908	51,853	1,237,348	5,117	(46,986,672)	-
External market	5,013,798	-	-	80,868	-	180,126	-	(5,013,798)	-
Gross profit	1,586,321	2,333,213	660,676	292,217	50,111	366,779	5,117	(3,919,534)	-
Selling, general and administrative expenses	(1,129,083)	(1,388,539)	(387,440)	(58,088)	(14,898)	(272,184)	(146,356)	2,517,622	-
Other income (expenses)	49,837	219,520	(2,221)	(7,492)	144,344	(18,570)	57,678	(269,357)	-
Financial income	185,572	133,362	16,894	35,658	4,484	43,332	63,295	(318,934)	-
Financial expense	(198,174)	(96,058)	(92,178)	(35,567)	(1,421)	(39,976)	(408,863)	294,232	-
Exchange rate	(266,135)	(93,841)	(297)	98	(5)	105,712	(188,762)	359,976	-
Derivatives	(55,662)	(2,095)	11,880	-	-	5,586	57,017	57,757	-
Equity in income of investees	(23,107)	-	-	-	-	(111)	427,732	23,107	(3)
Equity in income of jointly controlled entity	-	-	-	-	-	-	603,912	-	-
Income tax and social contribution	176,742	(314,838)	(47,439)	(76,423)	(13,180)	(50,735)	61,424	138,096	-
Profit (loss) for the period	326,311	790,724	159,875	150,403	169,435	139,833	532,194	(1,117,035)	(3)
Other selected data:									
	1,924,301	494,301	200,451	70,043	877	61,759	1,656	(2,418,602)	-

Depreciation and amortization									
EBITDA	2,408,269	1,658,495	471,466	296,680	180,434	137,673	949,739	(4,066,764)	(
Addition PP&E, intangible and biological assets (cash)	2,404,514	677,245	294,359	266,661	760	72,891	2,461	(3,081,759)	-
Reconciliation of EBITDA									
Profit (loss) for the period	326,311	790,724	159,875	150,403	169,435	139,833	532,194	(1,117,035)	(
Income tax and social contribution	(176,742)	314,838	47,439	76,423	13,180	50,735	(61,424)	(138,096)	-
Financial result, net	334,399	58,632	63,701	(189)	(3,058)	(114,654)	477,313	(393,031)	-
Depreciation and amortization	1,924,301	494,301	200,451	70,043	877	61,759	1,656	(2,418,602)	-
EBITDA	2,408,269	1,658,495	471,466	296,680	180,434	137,673	949,739	(4,066,764)	(

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Year ended March 31, 2012 (Restated)				Cosan's Deconsolidated			Segment elimination	Total consolidated of
	Raízen Energia	Raízen Combustíveis	Rumo	Lubricants	other business	effects IFRS 11			
Statement of income:									
Net sales	7,247,410	35,096,051	571,989	1,037,740	22,005	(39,411,641)	-	4,563,554	
Domestic market	3,925,554	35,096,051	567,265	1,037,740	22,005	(36,089,785)	-	4,558,830	
External market	3,321,856	-	4,724	-	-	(3,321,856)	-	4,724	
Gross profit	1,669,611	1,958,726	177,923	313,181	18,805	(3,270,877)	-	867,369	
Selling, general and administrative expenses	(953,381)	(1,445,358)	(41,541)	(218,630)	(120,855)	2,186,874	-	(592,891)	
Gain on the de-recognition of subsidiaries to from the Joint Venture	-	-	-	(7,200)	2,759,931	-	-	2,752,731	
Other income (expenses)	84,504	270,736	19,461	14,558	(138,359)	(264,133)	(8,496)	(21,729)	
Financial income	147,657	119,392	43,019	68,811	189,999	(245,245)	-	323,633	
Financial expense	(464,720)	(80,556)	(33,492)	(90,597)	(397,431)	486,027	-	(580,769)	
Exchange rate Derivatives	31,858	(121,040)	(530)	144,253	(225,783)	154,707	-	(16,535)	
Equity in income of investees	(13,145)	-	(5)	(1,485)	(18,048)	47,279	-	14,596	
Equity in income of jointly controlled entity	(189,767)	16,071	-	(6,450)	526,795	11,840	(319,301)	39,188	
Income tax and social contribution	-	-	-	-	349,363	-	-	349,363	
	(79,900)	(192,056)	(55,035)	(37,315)	(841,104)	186,303	-	(1,019,107)	
	232,717	525,915	109,800	179,126	2,103,313	(707,225)	(327,797)	2,115,849	

Profit (loss)
for the period

Other selected
data:

Depreciation and amortization	1,549,993	365,603	57,323	62,502	141,055	(1,915,596)	-	260,880
Addition PP&E, intangible and biological assets (cash)	2,577,859	491,734	268,985	-	99,473	(2,678,849)	-	759,202
Other financial information								
Profit (loss) for the period	232,717	525,915	109,800	179,126	2,103,313	(707,225)	(327,797)	2,115,849
Income tax and social contribution	79,900	192,056	55,035	37,315	841,104	(186,303)	-	1,019,107
Financial result, net	298,350	82,204	(8,992)	(120,982)	451,263	(442,768)	-	259,075
Depreciation and amortization	1,549,993	365,603	57,323	62,502	141,055	(1,915,596)	-	260,880
Total	2,160,960	1,165,778	213,166	157,961	3,536,735	(3,251,892)	(327,797)	3,654,911

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Cosan Limited

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	December 31, 2013						Cosan's	Deconsolidated
	Raízen	Raízen	COMGÁS	Rumo	Radar	Lubricants	other	effects IFRS
	Energia	Combustíveis					business	11
Cash and cash equivalents	1,058,483	328,992	535,957	497,753	13,408	57,892	404,555	(1,387,475)
Securities	-	-	-	-	87,978	-	-	-
Trade receivables	416,746	1,435,095	582,889	32,506	28,052	200,796	240	(1,851,841)
Inventories	2,026,925	1,057,049	121,253	5,237	-	185,490	-	(3,083,974)
Current other assets	1,279,553	484,475	248,803	22,389	323,475	45,227	384,102	(1,764,028)
Equity method investments	408,591	254,826	-	-	-	15,364	12,183,235	(663,417)
Investment in joint ventures	-	-	-	-	-	-	8,498,259	-
Biological Assets	1,867,765	-	-	-	-	-	-	(1,867,765)
Investment property	-	-	-	-	2,281,509	-	-	-
Property, plant and equipment	9,504,874	2,494,488	-	1,013,149	11,195	197,137	50,429	(11,999,362)
Intangible assets	3,100,227	4,038,312	8,450,541	755,635	89	867,826	3,949	(7,138,539)
Non-current other assets	1,534,557	1,403,117	332,918	234,965	4,884	(93,658)	2,755,380	(2,937,674)
Loans and borrowings	(7,732,778)	(862,521)	(2,841,387)	(705,974)	-	(209,579)	(5,336,016)	8,595,299
Trade payables	(633,505)	(551,176)	(706,397)	(82,872)	(1,216)	(70,102)	(1,560)	1,184,681
Employee benefits	(249,919)	(60,091)	(59,417)	(12,522)	(4,247)	(13,039)	(14,070)	310,010
Current other liabilities	(495,240)	(525,188)	(301,089)	(127,287)	(31,020)	(107,826)	(280,883)	1,020,428
Non-current other liabilities	(1,693,036)	(2,715,727)	(863,768)	(198,620)	(85,951)	(327,564)	(3,543,346)	4,408,763

Total assets
(net of
liabilities)
allocated by
segment

10,393,243	6,781,651	5,500,303	1,434,359	2,628,156	747,964	15,104,274	(17,174,894)	
Total assets	21,197,721	11,496,354	10,272,361	2,561,634	2,750,590	1,476,074	24,280,149	(32,694,075)

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
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	March 31, 2013 (Restated)						Cosan's	Deconsolidated
	Raízen	Raízen	COMGÁS	Rumo	Radar	Lubricants	other	effects IFRS
	Energia	Combustíveis					business	11
Cash and cash equivalents	1,759,501	138,713	327,504	502,460	122	951,959	516,122	(1,898,214)
Securities	-	-	-	17,643	68,906	5,031	14,276	-
Trade receivables	378,161	1,290,683	569,168	80,865	26,639	180,223	241	(1,668,844)
Inventories	370,449	906,870	108,837	6,153	-	160,707	-	(1,277,319)
Current other assets	1,195,232	1,297,472	340,041	41,581	7,386	32,445	376,894	(2,492,704)
Equity method investments	267,489	-	-	-	-	-	6,651,225	(267,489)
Investment in joint ventures	-	-	-	-	-	-	8,582,741	-
Biological Assets	1,978,477	-	-	-	-	-	-	(1,978,477)
Investment property	-	-	-	-	2,473,438	-	-	-
Property, plant and equipment	9,896,478	2,634,126	-	952,915	11,852	176,512	37,018	(12,530,604)
Intangible assets	3,050,310	4,043,571	8,071,839	677,860	99	862,955	2,145	(7,093,881)
Non-current other assets	1,360,708	1,269,341	184,269	28,518	48,298	(56,615)	2,342,696	(2,630,049)
Loans and borrowings	(5,888,977)	(732,469)	(2,710,599)	(713,004)	-	(167,263)	(5,666,202)	6,621,446
Trade payables	(491,797)	(684,546)	(678,172)	(46,391)	(996)	(71,979)	(1,941)	1,176,343
Employee benefits	(282,797)	(77,538)	(34,002)	(14,330)	(13,390)	(15,334)	(17,206)	360,335
Current other liabilities	(1,230,988)	(766,869)	(105,463)	(134,685)	(26,244)	(47,689)	(247,599)	1,997,857
Non-current other liabilities	(1,699,138)	(2,648,162)	(845,093)	(125,632)	(74,813)	(427,228)	(3,341,628)	4,347,300

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Total assets
(net of
liabilities)
allocated by
segment

10,663,108	6,671,192	5,228,329	1,273,953	2,521,297	1,583,724	9,248,783	(17,334,300)	
Total assets	20,256,805	11,580,776	9,601,658	2,307,995	2,636,740	2,313,217	18,523,358	(31,837,581)

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
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	April 01, 2012				Cosan's Deconsolidated other effects IFRS business 11		Segment elimination	Total consolidated
	Raízen Energia	Raízen Combustiveis	Rumo	Lubricants				
Cash and cash equivalents	1,200,483	35,377	414,126	187,147	405,110	(1,235,860)	-	1,006,383
Securities	-	-	-	-	-	-	-	-
Trade receivables	350,846	1,111,398	43,145	90,813	2,286	(1,462,244)	-	136,244
Inventories	463,825	730,492	2,551	112,492	-	(1,194,317)	-	115,043
Current other assets	2,263,898	1,461,701	53,736	43,250	397,781	(3,725,599)	(90,905)	403,862
Equity method investments	169,912	-	-	(15)	2,515,144	(169,912)	(2,189,552)	325,577
Investment in joint ventures	-	-	-	-	8,189,588	-	-	8,189,588
Biological Assets	1,936,046	-	-	-	-	(1,936,046)	-	-
Investment property	-	-	-	-	-	-	-	-
Property, plant and equipment	9,658,979	2,779,641	879,469	186,789	543,918	(12,438,620)	-	1,610,176
Intangible assets	2,996,846	3,928,900	604,963	778,786	85,621	(6,925,746)	-	1,469,370
Non-current other assets	938,235	1,511,731	31,964	247,971	2,321,916	(2,449,965)	(319,392)	2,282,459
Loans and borrowings	(5,605,244)	(638,823)	(631,701)	-	(1,445,655)	6,244,067	-	(2,077,356)
Trade payables	(544,016)	(500,814)	(25,240)	(48,271)	(1,838)	1,044,830	-	(75,349)
Employee benefits	(209,700)	(71,832)	(9,850)	(13,917)	(11,874)	281,532	-	(35,641)
Current other liabilities	(1,329,556)	(1,327,048)	(30,773)	(61,980)	(296,590)	2,656,604	72,843	(316,500)
Non-current other liabilities	(2,200,352)	(2,663,502)	(135,820)	(10,561)	(4,034,760)	4,863,853	355,566	(3,825,575)

Total assets
(net of
liabilities)
allocated by
segment

10,090,202	6,357,219	1,196,570	1,512,504	8,670,647	(16,447,421)	(2,171,440)	9,208,281	
Total assets	19,979,070	11,559,239	2,029,954	1,647,233	14,461,363	(31,538,309)	(2,599,849)	15,538,701

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Cosan Limited

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Detailed net sales per segment:

	December 31, 2013	March 31, 2013 (Restated)	March 31, 2012 (Restated)
Raízen Energia			
Sugar	3,127,616	4,353,994	3,912,824
Ethanol	3,143,254	3,299,938	2,871,515
Cogeneration	376,579	569,709	235,129
Other	202,940	244,597	227,942
	6,850,389	8,468,238	7,247,410
Raízen Combustíveis			
Fuels	37,553,167	43,516,040	35,032,782
Other	27,403	16,192	63,269
	37,580,570	43,532,232	35,096,051
COMGÁS (1)			
Industrial	3,065,600	1,535,941	-
Residential	522,642	203,254	-
Thermogeneration	212,103	148,652	-
Cogeneration	187,457	112,705	-
Automotive	151,195	77,486	-
Commercial	186,932	84,517	-
Construction revenue	536,482	230,038	-
Other	26,484	6,396	-
	4,888,895	2,398,989	-
Rumo			
Port lifting	138,236	150,028	141,026
Logistics	597,476	549,420	413,364
Other	13,638	13,328	17,599
	749,350	712,776	571,989
Radar (2)			
Property sale	5,694	4,721	-
Land lease	49,038	47,132	-
	54,732	51,853	-
Lubricants			
Lubricants	1,040,150	1,245,571	1,018,801
Basic Oil	137,309	162,021	18,939
Other	7,740	9,882	-
	1,185,199	1,417,474	1,037,740

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Cosan's other business	38	5,117	22,005
IFRS 11 - Deconsolidated of Joint			
Ventures and eliminations	(44,430,959)	(52,000,470)	(39,411,641)
Total	6,878,214	4,586,209	4,563,554

(1) Segment created from the acquisition of COMGÁS in November 5, 2012;

(2) Segment created from the gain control on the Radar and its subsidiaries in July 14, 2012.

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

Net sales per region

The percentages of net sales of Rumo and Lubricants by geographic area for the quarter ended are as follow:

	December 31, 2013		March 31, 2013 (Restated)		March 31, 2012 (Restated)	
Brazil	84.31	%	86.90	%	90.51	%
South America (excepting Brazil)	12.44	%	10.81	%	0.55	%
Europe	2.27	%	1.73	%	8.78	%
Middle East and Asia	0.79	%	0.53	%	0.16	%
North America	0.09	%	-		-	
Other	0.10	%	0.03	%	-	
Total	100.00	%	100.00	%	100.00	%

COMGÁS and Radar's net sales are only to the domestic market (Brazil).

Concentration of customers

COMGÁS

No customers or specific groups represented 10% or more of net sales for the nine months ended December 31, 2013 and the year ended March 31, 2013.

Rumo

In 2013, 35% of the segment's net sales was generated from sales to Raízen Energia (and 40% in march 2013).

Radar

In 2013, 22% of the segment's net sales was generated from sales to Raízen Energia.

Lubricants

No customers or specific groups represented 10% or more of net sales for the nine months ended December 31, 2013 and for the year ended March 31, 2013.

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6 Cash and cash equivalents

	December 31, 2013	March 31, 2013 (Restated)	April 1,2012
Brazilian Reais			
Short-term investments	1,387,295	1,376,365	950,580
U.S. Dollars			
Cash and bank deposits	122,270	167,707	85,637
	1,509,565	1,544,072	1,036,217

Short-term investments are mainly comprised of exclusive funds as presented below:

	December 31, 2013	March 31, 2013 (Restated)	April 1,2012
Exclusive funds			
Commitment transactions	662,262	802,634	647,298
Bank certificate of deposits - CDB	175,895	89,255	268,169
	838,157	891,889	915,467
Bank investments			
Bank certificate of deposits - CDB	147,782	177,711	6,781
Commitment transactions	342,894	292,506	-
Other financial investments	58,462	14,259	28,332
	549,138	484,476	35,113
	1,387,295	1,376,365	950,580

7 Trade receivables

The balance of trade receivables is comprised of the following:

	December 31, 2013	March 31, 2013
		360

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		(Restated)	April 01, 2012
Domestic	1,087,118	872,683	241,385
Foreign	24,453	15,369	4,510
Allowance for doubtful accounts	(28,628)	(21,411)	(13,431)
	1,082,943	866,641	232,464
Current	844,483	857,136	232,464
Non-current	238,460	9,505	-

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The ageing of trade receivables is as follows:

	December 31, 2013	March 31, 2013 (Restated)	April 01, 2012
Not overdue	776,342	734,041	203,822
Overdue:			
From 1 to 30 days	78,110	98,361	18,202
From 31 to 60 days	38,546	15,644	5,945
From 61 to 90 days	58,044	7,101	209
More than 90 days	131,901	11,494	4,286
	1,082,943	866,641	232,464

Changes in the allowance for doubtful accounts is as follows:

At April 1, 2011	(91,197)
Provision	(16,696)
Reversal	8,878
Write-offs	-
Net addition on the de-recognition of subsidiaries to form the Joint Venture	85,584
At March 31, 2012 (Restated)	(13,431)
Provision	(18,802)
Reversal	10,127
Write-offs	695
At March 31, 2013 (Restated)	(21,411)
Provision	(24,891)
Reversal	960
Write-offs	16,714
At December 31, 2013	(28,628)

In October 10, 2013, ALL – América Latina Logística S.A. (“ALL”), issued a press release announcing that it has initiated legal actions in relation to the contracts entered with Rumo. Rumo, on the other hand, filed a request for arbitration against ALL, among other administrative and judicial measures to enforce their contractual rights and to request that ALL complies with the terms of the agreement signed in 2009, as amended, including the 4th and 5th amendment signed on May 31, 2013. There are no judicial decisions suspending the validity of the contracts signed between ALL and Rumo.

As of December 31, 2013, Rumo has recorded accounts receivable from ALL amounting to R\$ 225,401 (R\$ 73,627 on March 31, 2013) for services provided under the agreements in accordance with IAS 18 - Revenue. Additionally, some compensation, amounting to R\$ 61,069, including penalties and interest, were not recognized because they have not yet fulfilled all the criteria for revenue recognition.

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

8 Inventories

	December 31, 2013	March 31, 2013 (Restated)	April 01, 2012
Finished goods	185,620	160,751	142,213
Work in process	82,361	75,809	-
Spare parts and other	44,331	39,392	8,983
Provision for slow moving inventory and obsolescence	(332)	(255)	(205)
	311,980	275,697	150,991

Changes in the provision for slow moving inventory and obsolescence is as follows:

At April 1, 2011	(19,567)
Provision	(1,697)
Reversal	4,966
Write-offs	1,372
Net addition on the de-recognition of subsidiaries to form the Joint Ventures	14,721
At March 31, 2012 (Restated)	(205)
Provision	(94)
Reversal	-
Write-offs	44
At March 31, 2013 (Restated)	(255)
Provision	(77)
Reversal	-
Write-offs	-
At December 31, 2013	(332)

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9 Other tax receivable

	December 31, 2013	March 31, 2013 (Restated)	April 01, 2012
COFINS - Revenue tax	613	2,476	6,455
PIS - Revenue tax	133	537	1,413
ICMS - State VAT	97,622	77,535	3,051
IPI - Exercise tax	-	-	5,279
Other	5,431	1,053	1,392
	103,799	81,601	17,590
Current	85,433	63,720	16,584
Non-current	18,366	17,881	1,006

10 Other financial assets

	December 31, 2013	March 31, 2013 (Restated)	April 01, 2012
Exxon Mobil financial assets (a)	309,378	295,782	540,224
Fair value for Radar option	-	-	140,820
Receivable from sale of discontinued operations (b)	160,783	210,467	-
	470,161	506,249	681,044
Current	63,054	59,299	40,080
Non-current	407,107	446,950	640,964

a) On June 28, 2011, Cosan Lubrificantes e Especialidades S.A., the successor entity of Esso Brasileira de Petróleo Ltda. ("Essobrás"), joined the Brazilian Government's tax amnesty and refinancing program ("REFIS") upon request of its prior owner, ExxonMobil Brasil Holdings B.V. ("ExxonMobil"), to settle certain tax contingencies that existed prior to the acquisition of Essobrás by the Company. ExxonMobil is legally responsible for tax contingencies that existed prior to the acquisition by the Company, therefore, this financial asset represents the amounts that the Company will be reimbursed from ExxonMobil.

b) On October 24, 2012, the Company signed an Amendment to the Association Agreement and Other Covenants, of May 28, 2012, with Camil Alimentos SA ("Camil") whereby it agreed the sale of all of the shares issued by its subsidiary, Docelar Alimentos e Bebidas S.A., to Camil, for a total price of R\$ 293,770. As at December 31, 2013, R\$ 160,783 is still outstanding, to be received in three remaining installments, through October 24, 2016. The fair

value of the receivable is equivalent to the carrying amount as the installments due are adjusted for inflation.

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11 Related parties

a) Receivables from and payables to related parties are as follows:

	December 31, 2013	March 31, 2013 (Restated)	April 01, 2012
Current assets			
Commercial operations			
Raízen Energia S.A.(ii)	27,681	26,045	-
Transport services	10,538	16,885	876
Lubricants	3,086	4,984	3,586
Other	14,057	4,176	29,810
Raízen Combustíveis S.A.(ii)	4,048	4,003	28,485
Aguassanta Participações S.A.	6,368	-	-
Other	-	70	321
	38,097	30,118	63,078
Corporate operation / Agreements			
Raízen Energia S.A.(ii)	1,468	319	-
	1,468	319	-
Financial operations			
Rezende Barbosa Group(iii)	7,223	7,205	7,354
	7,223	7,205	7,354
	46,788	37,642	70,432
Non-current assets			
Commercial operations			
Raízen Energia S.A.(ii)	-	358	-
Raízen Combustíveis S.A.(ii)	-	244	-
Other	-	94	-
	-	696	-
Receivables under the framework agreement			
Raízen Energia S.A.(ii)	305,183	322,553	429,480
Raízen Combustíveis S.A.(ii)	90,756	79,824	175,623
	395,939	402,377	605,103
Financial operations			
Rezende Barbosa Group (iii)	107,002	127,828	105,751
Other	-	2,825	414
	107,002	130,653	106,165
Corporate restructuring			

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CTC - Centro de Tecnologia Canavieira	-	-	6,147
Other	1,540	1,610	1,200
	1,540	1,610	7,347
	504,481	535,336	718,615
Total	551,269	572,978	789,047

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	December 31, 2013	March 31, 2013 (Restated)	April 01, 2012
Current liabilities			
Commercial operations			
Shell Brazil Holding B.V.(i)	5,986	2,259	-
Raízen Energia S.A.(ii)	18,491	18,851	67,788
Purchase of sugar	-	-	37,915
Advances from port services	7,998	10,246	1,336
Shared expenses	10,204	8,242	28,537
Other	289	363	-
Raízen Combustíveis S.A.(ii)	1,709	974	642
Other	34	241	-
	26,220	22,325	68,430
Corporate operations / Agreements			
Raízen Combustíveis S.A.(ii)	8,800	9,316	-
Raízen Energia S.A.(ii)	70,443	59,792	52,228
	79,243	69,108	52,228
Financial operations			
Other	-	-	1,111
	-	-	1,111
	105,463	91,433	121,769
Non-current liabilities			
Commercial operations			
Raízen Energia S.A.	-	-	1,580
	-	-	1,580
Corporate operations / Agreements			
Shell Brazil Holding B.V.	-	-	11,195
Other	-	-	3,851
	-	-	15,046
	-	-	16,626
Total	105,463	91,433	138,395

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b) Related party transactions are as follows:

Commercial operations of Cosan with its subsidiaries and jointly controlled entities are carried out at market prices and market conditions. During nine months ended December 31, 2013 and the years ended March 31, 2013 and 2012, no losses for doubtful accounts was recorded with regards to receivables from related parties.

	December 31, 2013	March 31, 2013 (Restated)	March 31, 2012 (Restated)
Sales of goods and services			
Raízen Energia S.A.(ii)	279,185	299,676	259,961
Other	203	2	4
	279,388	299,678	259,965
Purchase of goods / Inputs			
Raízen Energia S.A.(ii)	(13)	(63,605)	(502,372)
Raízen Combustíveis S.A.(ii)	(1,035)	(546)	(122)
	(1,048)	(64,151)	(502,494)
Land lease			
Raízen Energia S.A.(ii)	43,995	52,558	75,417
	43,995	52,558	75,417
Shared income (expense)			
Aguassanta Participações S.A.	295	700	-
Raízen Energia S.A.(ii)	(7,950)	(14,683)	(13,861)
	(7,655)	(13,983)	(13,861)
Financial result			
Rezende Barbosa Group(iii)	804	1,684	949
Raízen Energia S.A.(ii)	1,781	363	225
Impulso Participações	-	(976)	-
Aldwich Temple Venture Capital Ltd.	(153)	(88)	-
Other	113	(21)	-
	2,545	962	1,174
Total	317,225	275,064	(179,799)

(i) Shell

Relate to payables to Shell from COMGÁS in relation to a Commercial Services Agreement (CSA) – under which Shell provides commercial and business service staff for administrative support to conduct COMGÁS' business.

(ii) Raízen Energia and Raízen Combustíveis

Non-current assets receivable from Raízen Energia and Raízen Combustíveis basically represent, tax credits which will be reimbursed to the Company when realized. Current liabilities represent payables in relation to expenses paid by Raízen Energia and Raízen Combustíveis related to Cosan S.A..

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(iii) Rezende Barbosa Group

The Company has receivables with Rezende Barbosa for the repayment of loans taken prior to the acquisition of subsidiaries. These receivables are secured by Cosan S.A. shares.

c) Officers' and directors' compensation

Key management includes directors (executive and non-executive) and members of the board. The compensation paid or payable to key management for their services is shown below:

	Nine months ended December 31, 2013	March 31, 2013 (Restated)	Years ended March 31, 2012 (Restated)
Regular compensation	19,299	31,922	24,994
Stock option expense (Note 34)	6,595	13,295	10,800
Bonuses and other variable compensation	13,092	61,377	33,075
	38,986	106,594	68,869

12 Business combinations and other acquisitions

I. COMGÁS

On November 5, 2012, Cosan, through its subsidiary Provence Participações S.A. ("Provence"), obtained control of COMGÁS by acquiring 60.05% of its shares from BG Group for R\$ 3.4 billion in cash, of which R\$ 3.3 billion was financed through long term borrowings.

COMGÁS is located in the city of São Paulo, State of São Paulo, and its main activity is the distribution of piped natural gas in part of the territory of the State of São Paulo (approximately 180 municipalities, in São Paulo state) to residential, commercial and industrial customers and also supplies gas for use as fuel for vehicles and electricity generation. As a result of the acquisition, Cosan diversified its investment portfolio in accordance with management's strategic planning.

On December 19, 2012, the Extraordinary General Meeting of COMGÁS' shareholders, approved the reverse merger with its immediate parent company, Provence, as proposed by the administrators of COMGÁS and Provence on December 03, 2012. Provence's main assets at that date comprised the investment held in COMGÁS and tax goodwill totaling R\$ 2,482,767 representing expected future profitability of the investment in COMGÁS. Upon completion of

the merger a deferred tax asset was recorded in the surviving legal entity COMGÁS, in relation to a future tax benefit for goodwill tax deductibility for an amount of R\$ 844,141.

The following table summarizes the consideration transferred and the fair value of assets acquired and liabilities assumed at the date of acquisition as well as non-controlling interest in the net assets acquired as the proportionate share in the recognized amounts of COMGÁS' identifiable net assets:

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At November 05, 2012

Consideration transferred	3,400,000
Cash acquired	(426,876)
Total of consideration transferred	2,973,124
Fair value of the assets	
acquired and liabilities assumed	
Trade receivables	694,047
Allowance for doubtful accounts	(95,480)
Financial instruments	144,330
Inventories	99,424
Intangible assets(a)	8,014,135
Other credits	340,320
Loans and borrowings	(2,568,802)
Trade payables	(692,480)
Taxes payable	(208,489)
Deferred income taxes(b)	(442,262)
Provision for judicial demands	(51,592)
Other liabilities(c)	(391,191)
Net assets acquired	4,841,960
Non-controlling interests	(1,868,836)
Consideration transferred	2,973,124

(a) The balance of intangible assets acquired of R\$ 8,014,135 at the acquisition date includes the fair value step-up of the intangible asset representing the public concession contract for distribution of gas with the Grantor in the amount of R\$ 4,460,113. During the nine-month period ended December 31, 2013, the Company revised its estimate of the preliminary purchase price allocation, which was a preliminary estimate of the fair value of the concession contract and fair value step-up of R\$ 7,979,275 and R\$ 4,425,252, respectively.

(b) Deferred income taxes of R\$ 442,262 includes a deferred tax asset in the amount of R\$ 844,141 in relation to future goodwill tax deductibility.

(c) The fair value of other liabilities amounting to R\$ 391,193 includes the fair value of liabilities of post-retirement benefits of R\$ 126,594.

For the year ended March 31, 2013, the consolidated statement of profit or loss includes revenues and the net profit of COMGÁS in the amount of R\$ 2,398,989 and R\$ 159,875, respectively, generated since the acquisition date.

Had COMGÁS been consolidated since April 1, 2012, the unaudited pro-forma net revenues and net profit for the year ended March 31, 2013, would have been R\$ 5,606,912 and R\$ 284,456, respectively. Pro-forma information

represents an approximate measure of the performance of the combined group on an annualized basis and a reference point for comparison in future periods. Pro-

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forma information was calculated by aggregating the results of COMGÁS and the Company and does not represent the actual consolidated results for the year.

Shell Brazil Holding BV, which has a direct and indirect interest in COMGÁS, corresponding to 18.2% of its share capital, has been granted an option to convert its current stake of 21,805,645 COMGÁS common shares into 30,917,231 of Cosan S.A. shares. The exercise of this option may occur during a period of approximately 30 days at the third, fourth or fifth anniversary from the closing date, with the last one maturing on April 30, 2017. If exercised, Cosan Limited will receive all the shares of COMGÁS held directly and indirectly by Shell Brazil Holdings BV. This equity instrument was recorded in non-controlling interest, initially at fair value of R\$ 15,601.

II.

Radar

On July 14, 2012, Cosan gained control of Radar (mainly due to operating and commercial policies), through an amendment in Radar's Statutes and Shareholders Agreement, which granted Cosan control over the operations of Radar, with no consideration transferred. No gain or loss was recognized in relation to the previously held interest, as the main assets held by Radar (agricultural investment property (land), is recorded at fair value. The Company started to consolidate the results of operations of Radar as of that date.

Radar is located in the city of São Paulo and its main activities are the purchase, financing, leasing, management, operation and sale of agricultural investments, through direct or indirect acquisition of rural properties, services, imports of agricultural products and inputs, as well as participation as a partner or shareholder in other companies directly or indirectly related to the activities described above.

Fair value of previously held equity interest	349,139
Fair value of identifiable net assets acquired	1,845,341
Percent interest	18.92
Fair value of identifiable net assets acquired	349,139
Account	
Cash and cash equivalents	111,654
Trade receivables	19,995
Other credits	8,062
Equity method investments	6,579
Property, plant and equipment	8,248
Investment property	1,784,413
Trade payables	(4,185)
Dividends payable	(21,015)
Deferred tax liabilities	(52,126)

Other liabilities	(16,284)
Fair value of net assets	1,845,341
	-
Non-controlling interests	1,496,202
	-
Previously held equity interest	349,139

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The Company measured the participation of Radar's non-controlling interest according to the proportion of the non-controlling interest on the fair value of Radar's identifiable net assets.

No goodwill was recognized upon gaining control of Radar.

For the year ended March 31, 2013, the consolidated statement of profit or loss includes revenues and net profit of Radar in the amount of R\$37,424 and R\$144,197, respectively, generated since control was gained.

Had Radar been consolidated since April 1, 2012, the unaudited pro-forma net revenues and net profit for the year ended March 31, 2013, would have been R\$ 86,931 and R\$ 181,681, respectively. Pro-forma information represents an approximate measure of the performance of the combined group on an annualized basis and a reference point for comparison in future periods. Pro-forma information was calculated by aggregating the results of Radar and the Company and does not represent the actual consolidated results for the year.

Additionally, as at September 28, 2012, the Company contributed 23,099 hectares of agricultural land with a market valued of R\$539,979 to Radar for the strategic alignment of the Company's activities and as a result, the Company increased its direct and indirect ownership in Radar's capital stock from 18.90% to 37.70%.

The Company holds Radar's warrants, which provides and option to subscribe additional common shares of Radar at a price of R\$41.67 adjusted for inflation (IPCA), corresponding to an additional interest in its capital stock equal to up to 20% of the total shares the Company holds in Radar immediately before the exercise. The subscription option is exercisable upon the occurrence of certain conditions. The option may be entirely or partially exercised, on a single occasion, until September 9, 2018. Due to the business combination, this option was reclassified from assets to equity and presented under "Non-controlling interest" in equity.

III. Comma Oil and Chemicals Limited ("Comma")

On July 1, 2012, Cosan, through its subsidiary Cosan Lubes Investments Limited ("Cosan Lubes"), acquired 100% of the common shares of Comma in the amount of £ 60,000, equivalent to R\$ 190,234, with £ 54,000 financed by borrowings obtained by Cosan Lubes.

Comma is located in England and its activities are the manufacturing and commercialization of automotive chemicals, including lubricants, through specific distribution channels in the UK, also the Asian and other European market.

The fair value at the acquisition date of the consideration transferred totaled R\$152,919, which

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consisted of the following:

Consideration transferred	190,234
Cash receivable	(37,315)
	152,919

The estimated fair value of the acquired assets and liabilities assumed on the acquisition date was as follows:

Account	
Trade receivables	46,468
Inventories	33,672
Other credits	472
Property, plant and equipment	34,409
Intangible assets	49,493
Trade payables	(21,284)
Taxes payable	(3,900)
Other liabilities	(1,227)
Deferred tax liabilities	(17,143)
Fair value of net assets acquired	120,960
Consideration transferred, net of cash acquired	152,919
Goodwill	31,959

The purchase price allocation was completed by management, which was based on the fair value of assets acquired and liabilities assumed. Goodwill was allocated to the Cosan's cash generating units that benefited from the acquisition. The fair value step up adjustments mainly related to the Comma trademark (R\$24,204), customer relationships (R\$25,289) and fixed assets (R\$17,618). The acquisition of Comma reinforces Cosan's strategy of entering the European Lubricants & Specialties market. Goodwill recognized on this acquisition mainly represents access to a new market and potential increase in market share.

For the year ended March 31, 2013, the consolidated statement of profit or loss includes revenues and net loss of Comma in the amount of R\$ 180,126 and R\$ 5,338, respectively, generated since the acquisition date.

Had Comma been consolidated since April 1, 2012, the unaudited pro-forma net revenues and net profit for the year ended March 31, 2013, would have been R\$ 232,634 and R\$ 3,242, respectively. Pro-forma information represents an approximate measure of the performance of the combined group on an annualized basis and a reference point for comparison in future periods. Pro-forma information was calculated by aggregating the results of Comma and the

Company and does not represent the actual consolidated results for the year.

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13 Equity method investments

	Issued shares of the investee	Number of shares held by Cosan	Percentage of interest (%)	March 31, 2013 (Restated)	Equity income of investee	Equity method adjustment	Dividends	Capital increase	Other	At December 31, 2013
Tellus Brasil Participações Ltda (a)	65,957,282	33,638,214	51.00	39,828	14,825	18	(839)	24,989	-	78,821
Novvi Limited Liabilities Company	200,002	100,001	50.00	-	(7,812)	998	-	22,178	-	15,364
Vertical UK LLP	-	-	50.00	9,641	-	1,330	(2,845)	-	-	8,126
Other investments	-	-	-	1,087	(1,516)	-	-	-	1,434	1,005
Total				50,556	5,497	2,346	(3,684)	47,167	1,434	103,316

	Issued shares of the investee	Number of shares held by Cosan	Percentage of interest (%)	April 1, 2012	Equity income of investee	Equity method adjustment	Dividends	Capital increase	Other	March 31, 2013 (Restated)	Equity method investments March 31, 2012 (Restated)
Radar Propriedades Agrícolas S.A.	21,148,989	4,001,167	18.92	283,259	67,611	-	(2,831)	-	(348,039)	-	283,259
Tellus Brasil Participações Ltda (a)	65,957,282	33,638,214	51.00	7,979	7,337	93	-	23,489	930	39,828	-
Vertical UK LLP	-	-	50.00	-	-	-	-	9,641	-	9,641	-
Other investments	-	-	-	34,339	(4,534)	2,553	-	1,000	(32,271)	1,087	10,000
Total				325,577	70,414	2,646	(2,831)	34,130	(379,380)	50,556	393,259

Financial information of investees:

				December 31, 2013
				Net income and other comprehensive income
	Assets	Liabilities	Equity	
Tellus Brasil Participações Ltda (a)	1,664,607	119,130	1,545,477	290,686
Novvi Limited Liabilities Company	31,335	607	30,728	(15,222)
Vertical UK LLP	28,228	-	28,228	-

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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

				March 31, 2013 (Restated)
	Assets	Liabilities	Equity	Net income and other comprehensive income
Tellus Brasil Participações Ltda (a)	800,479	22,459	778,020	124,079
CTC - Centro Tecnologia Canavieira S.A.	216,910	56,859	160,051	(2,490)
Vertical UK LLP	19,282	-	19,282	-

				March 31, 2012 (Restated)
	Assets	Liabilities	Equity	Net income and other comprehensive income
Radar Propriedades Agrícolas S.A.	1,685,618	188,392	1,497,226	162,544
Tellus Brasil Participações Ltda (a)	244,417	87,972	156,445	44,271
CTC - Centro Tecnologia Canavieira S.A.	80,882	22,512	58,370	(27,414)

(a) The Company is entitled to 5% of the economic benefits of this associates as established in the shareholders agreement.

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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

b) Non-controlling interest:

	Issued shares of the investee	Number of shares held by non-controlling interest	Ownership percentage of controlling interest (%)	March 31, 2013 (Restated)	Equity in income of investee controlling adjustments	Equity method	Dividends	Other	December 31, 2013
Logisport Armazéns Gerais S.A.	2,040,816	1,000,000	61.75 %	37,902	(618)	-	-	(65)	37,219
Rumo Logística Operadora Multimodal S.A.	956,917	239,229	25.00 %	309,012	40,273	-	-	-	349,285
Radar Propriedades Agrícolas S.A.	21,148,989	17,147,822	81.08 %	1,528,729	74,151	7,345	(2,432)	-	1,607,793
Radar II Propriedades Agrícolas S.A.	830,690,258	290,710,861	35.00 %	305,708	27,217	516	(5,249)	-	328,192
Companhia de Gás de São Paulo - "COMGÁS"	119,822,797	47,864,807	39.95 %	1,852,661	162,793	9,817	(64,357)	324	1,961,238
Elimination of participation Radar II in Radar	-	-	-	(489,457)	(14,718)	(1,473)	368	65	(505,215)
Cosan S.A. Indústria e Comércio	407,214,353	252,444,538	37.70 %	3,664,146	88,270	(2,457)	(76,916)	(18,065)	3,654,978
Total				7,208,701	377,368	13,748	(148,586)	(17,741)	7,433,490
	Issued shares of the	Number of shares held	Ownership percentage	April 1, 2012	Equity in	Equity method	Business combination	Dividends	Other

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	investee	non-controlling	by controlling interest (%)	of interest (%)	income of investee of non-controlling	adjustments of investee				
Administração de Participações Aguassanta S.A.	-	-	-	14,744	146	-	-	-	(14,890)	-
Copsapar Participações S.A.	-	-	-	60,004	4,406	-	-	(1,389)	(63,021)	-
Logisport Armazéns Gerais S.A.	2,040,816	1,000,000	61.75%	69,385	1,822	-	(32,872)	(433)	-	3
Rumo Logística Operadora Multimodal S.A.	956,917	239,229	25.00%	286,325	37,146	-	-	(14,459)	-	3
Radar Propriedades Agrícolas S.A.	21,148,989	17,147,822	81.08%	-	95,953	5,640	1,495,505	(68,369)	-	1
Radar II Propriedades Agrícolas S.A.	830,690,258	290,710,861	35.00%	-	14,320	395	290,993	-	-	3
Companhia de Gás de São Paulo - "COMGÁS"	119,822,797	47,864,807	39.95%	-	63,858	-	1,878,932	(91,965)	1,836	1
Elimination of participation Radar II in Radar Cosan S.A.	-	-	-	-	-	(1,131)	(501,068)	12,742	-	(6)
Indústria e Comércio	407,214,353	252,444,538	37.70%	3,431,823	291,730	79,334	-	(151,386)	12,645	3
Total				3,862,281	509,381	84,238	3,131,490	(315,259)	(63,430)	7

Summarized balance sheet

Indirect		Direct		Indirect		Direct		Direct
Logisport Armazéns Gerais S.A.		Rumo Logística Operadora Multimodal S.A.		Radar Propriedades Agrícolas S.A.		Radar II Propriedades Agrícolas S.A.		Companhia São Paulo - "
December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013	December 31, 2013

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Current

Assets	3,972	13,754	555,515	640,317	223,574	37,036	489	3	1,488,902
Liabilities	(6,714)	(7,033)	(324,778)	(264,533)	(22,458)	(32,735)	-	(2)	(1,403,287)
Net current assets	(2,742)	6,721	230,737	375,784	201,116	4,301	489	1	85,615

Non-current

Assets	40,270	30,416	1,921,880	1,568,824	1,855,301	1,935,204	259,104	872,319	8,783,460
Liabilities	(14,601)	(15,417)	(755,476)	(708,560)	(37,655)	(25,218)	-	-	(3,368,771)

Net

non-current assets	25,669	14,999	1,166,404	860,264	1,817,646	1,909,986	259,104	872,319	5,414,689
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Equity	22,927	21,720	1,397,141	1,236,048	2,018,762	1,914,287	259,593	872,320	5,500,304
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Cosan Limited

Notes to the consolidated financial statements

For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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

Summarized statement of profit or loss

	Indirect Logisport Armazéns Gerais S.A.		Direct Rumo Logística Operadora Multimodal S.A.		Indirect Radar Propriedades Agrícolas S.A.		Direct Radar II Propriedades Agrícolas S.A.		Subsidiaries Direct Companhia de Gás de São Paulo - "COMGÁS"	
	March		March		March		March		March	
	December 31, 2013	31, 2013	December 31, 2013	31, 2013	December 31, 2013	31, 2013	December 31, 2013	31, 2013	December 31, 2013	March 31, 2013
Net sales	12,122	22,743	742,962	706,020	14,433	19,828	-	-	4,888,897	2,398,980
Profit before taxes	2,664	6,316	243,201	223,261	94,783	190,256	15,240	42,371	560,443	207,314
Income taxes	(894)	(2,035)	(82,110)	(74,677)	(3,320)	(47,291)	-	(2)	(152,740)	(47,439)
Profit for the year	1,771	4,281	161,091	148,584	91,463	142,965	15,240	42,369	407,703	159,875
Dividends paid to non-controlling interests	-	-	-	-	1,945	72,061	5,250	-	-	79,299

Summarized statement of comprehensive income

	Indirect Logisport Armazéns Gerai S.A.		Direct Rumo Logística Operadora Multimodal S.A.		Indirect Radar Propriedades Agrícolas S.A.		Direct Radar II Propriedades Agrícolas S.A.		Subsidiaries Direct Companhia de Gás de São Paulo - "COMGÁS"	
	March		March		March		March		March	
	December 31, 2013	31, 2013	December 31, 2013	31, 2013	December 31, 2013	31, 2013	December 31, 2013	31, 2013	December 31, 2013	March 31, 2013
Profit for the year	1,771	4,281	161,091	148,584	91,463	142,965	15,240	42,369	407,703	159,875
Other comprehensive income	-	-	-	-	16,017	-	2,604	-	24,574	(84,017)

Total comprehensive income	1,771	4,281	161,091	148,584	107,480	142,965	17,844	42,369	432,277	75,858
Comprehensive income allocated to non-controlling interest	868	2,098	40,273	37,146	87,145	115,916	6,245	14,829	172,695	30,305

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012
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Summarized statements of cash flows (i)

	Radar Propriedades Agrícolas S.A.		Subsidiaries Companhia de Gás de São Paulo - "COMGÁS"	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
Cash flows from operating activities				
Cash generated from operations	25,224	70,362	1,081,121	453,974
Income taxes paid	-	-	(121,308)	(174,038)
Net cash generated by (used in) operating activities	25,224	70,362	959,813	279,936
Net cash used in investing activities	(24,070)	(33,281)	(610,418)	(294,359)
Net cash used in financing activities	(3,000)	(88,883)	(140,942)	(84,949)
(Decrease) increase in cash and cash equivalents	(1,846)	(51,802)	208,453	(99,372)
Cash and cash equivalents at the beginning of the year	10,703	62,505	327,504	426,876
Cash and cash equivalents at the ended of the year	8,857	10,703	535,957	327,504

(i) Information presented for subsidiaries with material of non-controlling interest.

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14 Investment in jointly controlled entities

In June 2011, the Company entered into an agreement to jointly control 50% interest on the economic control of two companies:

- (i) Raízen Combustíveis which owns a network of about 4,700 service stations throughout Brazil, 62 distribution terminals and 54 airports terminals supplying aviation fuels;
- (ii) Raízen Energia, which operates in the production and sale of sugar, ethanol and cogeneration, mainly produced from sugar cane bagasse. Raízen Energia is responsible for the production of more than 2 billion liters of ethanol per year to supply the domestic and foreign market, 4 million tons of sugar and 934 MW of installed capacity of electricity production from sugarcane bagasse. Raízen Energia cultivates harvests and processes sugar cane - the main raw material used in the production of sugar and ethanol.

Cosan has joint control over Raízen Energia and Raízen Combustíveis by virtue of its 50% share in the equity shares of both companies and the requirement for unanimous consent by all parties over decisions related to the relevant activities of the arrangements. The investments have been classified as joint ventures under IFRS 11 and therefore the equity method of accounting is used in the consolidated financial statements. Prior to the adoption of IFRS 11, Cosan's interests in Raízen Energia and Raízen Combustíveis were proportionately consolidated.

Investments in jointly controlled entities had the following change in the period:

	Issued shares of the investee	Number of shares held by Cosan	Percentage of interest (%)	March 31, 2013 (Restated)	Equity in income of jointly controlled entity	Equity method adjustments	Dividends	Other equity effects	December 31, 2013
Raízen Combustíveis S.A.	3,303,168,484	1,651,584,242	50.00	3,278,866	352,515	(162)	(300,449)	(4,288)	3,326,482
Raízen Energia S.A.	5,902,595,634	2,951,297,817	50.00	5,303,875	(110,479)	(3,156)	(20,000)	1,537	5,171,777
Total				8,582,741	242,036	(3,318)	(320,449)	(2,751)	8,498,259

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For the nine months ended December 31, 2013 and for the years ended March 31, 2013 and 2012

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	Issued shares of the investee	Number of shares held by Cosan	Percentage of interest (%)	March 31, 2012 (Restated)	Equity in income of jointly controlled entities	Equity method adjustments	Dividends	Incorporation	Other equity effects
Raízen Combustíveis S.A.	3,303,168,484	1,651,584,242	50.00	3,152,933	383,443	-	(306,894)	-	49,384
Raízen Energia S.A.	5,902,595,634	2,951,297,817	50.00	-	215,066	(8,037)	(551)	5,093,802	3,595
Raízen Energia Participações S.A.	5,902,595,634	2,951,297,817	50.00	5,036,655	5,403	51,744	-	(5,093,802)	-
Total				8,189,588	603,912	43,707	(307,445)	-	52,979

The statement of financial position and statement of profit or loss of jointly controlled entities are disclosed in Note 4, Segments.

The cash flows and comprehensive income of the jointly controlled entities Raízen Energia and Raízen Combustíveis for the period of nine months ended December 31, 2013 and for the year ended March 31, 2013 are presented below:

	Raízen Energia			Raízen Combustíveis		
	December 31, 2013	March 31, 2013	March 31, 2012	December 31, 2013	March 31, 2013	March 31, 2012
Cash flow						
Operating activities	485,843	2,659,558	(2,410,267)	559,917	1,456,774	(473,364)
Investing activities	(1,456,505)	(2,530,904)	1,590,487	349,623	(478,335)	351,634
Financing activities	269,644	430,364	(380,703)	(719,261)	(875,103)	86,353
(Decrease) increase in cash and cash equivalents	(701,018)	559,018	(1,200,483)	190,279	103,336	(35,377)
Other comprehensive loss income	(214,998)	293,170	190,415	721,444	790,724	619,251

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According to the terms of the Framework Agreement of Joint Venture Raízen, Cosan is responsible for legal proceedings that existed prior to the formation of Raízen, which are net of judicial deposits as of April 1, 2011, as well as tax installments on the REFIS (tax refinancing) program, recorded in "Other taxes payable". Additionally, Cosan is a party to a credit line agreement (Stand-by Facilities) granted to Raízen in the amount of US Dollars 500,000 thousand, which was unused at December 31, 2013.

15 Investment property

The balance of investment property is as follows:

At April 1, 2012	-
Effect of business combination ("Radar")	1,784,413
Transfer of assets between segments	468,152
Fair value of assets transferred -	
initial recognition	83,318
Change in fair value	138,776
Disposals	(1,221)
At March 31, 2013 (Restated)	2,473,438
Additions	2,909
Change in fair value	125,322
Disposals	(6,056)
Assets held for sale	(314,104)
At December 31, 2013	2,281,509

Investment properties include agricultural land located in the Southeast, Midwest and Northeast regions of Brazil, which are leased to third parties and jointly controlled entities. The lease agreements have an average term of 18 years for the cultivation of sugar cane and 10 years for grain.

The fair value of agricultural land was determined based on the method of direct comparison of data from the market, based on transactions comparable properties (property type, location, and quality of the property) observed in the market (Level 2). The methodology used for determining the fair value considers direct comparisons of market information, such as market research, homogenization of values, price factors, sales, distances, facilities, access to land, topography and soil, land use (culture), rainfall level, among others according to the norms issued by ABNT – Associação Brasileira de Normas Técnicas. The portfolio is valued annually by independent experts and reviewed periodically by internal professionals technically qualified to perform such appraisals. Investment properties are not subject to any restrictions or liens.

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16 Property, plant and equipment

	Land, buildings and improvements	Machinery, equipment and facilities	Rail cars and locomotives	Construction in progress	Other	Total
Cost						
At March 31, 2013 (Restated)	435,832	318,480	433,158	206,534	31,872	1,425,876
Additions	97	6,155	-	246,251	28	252,531
Disposals	(52)	(1,236)	-	-	(376)	(1,664)
Transfers (i)	11,363	35,863	2,906	(168,523)	3,576	(114,815)
At December 31, 2013	447,240	359,262	436,064	284,262	35,100	1,561,928
Depreciation						
At March 31, 2013 (Restated)	(71,079)	(134,068)	(31,361)	-	(11,071)	(247,579)
Additions	(9,341)	(20,151)	(10,223)	-	(2,937)	(42,652)
Disposals	1	156	-	-	51	208
Transfers (i)	-	67	-	-	(62)	5
At December 31, 2013	(80,419)	(153,996)	(41,584)	-	(14,019)	(290,018)
At March 31, 2013 (Restated)	364,753	184,412	401,797	206,534	20,801	1,178,297
At December 31, 2013	366,821	205,266	394,480	284,262	21,081	1,271,910

(i) Refer to intangible transfers due to the capitalization of these assets.

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

	Land, buildings and improvements	Machinery, equipment and facilities	Rail cars and locomotives	Construction in progress	Other	Total
Cost						
At March 31, 2012						
(Restated)	1,009,282	262,648	391,647	191,025	45,696	1,900,298
Additions	5,486	10,504	41,511	246,689	10,265	314,455
Disposals	(71,653)	(1,782)	-	(1,431)	(13,097)	(87,963)
Transfers (i)	(477,956)	66,714	-	(220,174)	(8,603)	(640,019)
"Cosan Alimentos" de-consolidation	(61,806)	(28,471)	-	(9,860)	(2,991)	(103,128)
Business combination	32,479	8,866	(1)	285	602	42,231
At March 31, 2013 (Restated)	435,832	318,479	433,157	206,534	31,872	1,425,874
Depreciation						
At March 31, 2012						
(Restated)	(62,805)	(136,825)	(18,397)	-	(26,122)	(244,149)
Additions	(12,454)	(23,856)	(12,963)	-	(3,320)	(52,593)
Disposals	317	229	-	-	3,186	3,732
Transfers (i)	(2,983)	8,568	-	-	13,271	18,856
"Cosan Alimentos" de-consolidation	6,847	17,816	-	-	1,914	26,577
At March 31, 2013 (Restated)	(71,078)	(134,068)	(31,360)	-	(11,071)	(247,577)
At March 31, 2012 (Restated)	946,477	125,823	373,250	191,025	19,574	1,656,149
At March 31, 2013 (Restated)	364,754	184,411	401,797	206,534	20,801	1,178,297

(i) Refer to intangible transfers due to the capitalization of these assets, and transfers of Land to Investment property.

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Capitalization of borrowing costs

Capitalized borrowing costs for the nine months ended December 31, 2013, amounted to R\$ 6,019 (March 31, 2013 R\$ 6,593). The weighted average interest rate used to capitalize interest on the balance of construction in progress, was 5.96% p.a. for the nine months ended December 31,2013 (5,60% p.a. for the year ended March 31,2013).

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17 Intangible assets

		Concession intangible asset - COMGÁS	Improvements in public concessions and operation licenses	Trademarks	Customer relationships	Other	Total
Cost	Goodwill						