Usina Santa Fé S.A.

Financial statements
March 31, 2017

(A free translation of the original report in Portuguese)

Contents

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Independent auditors' report on the financial statements

To
To the Directors and Shareholders of
Usina Santa Fé S.A.
Nova Europa – SP

Opinion

We have examined the financial statements of Usina Santa Fé S.A. (“Company”), comprising the balance sheet as of March 31, 2017 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the aforementioned financial statements present adequately, in all relevant aspects, the financial and equity position of Usina Santa Fé S.A. as of March 31, 2017, the performance of its operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics (“Código de Ética Profissional do Contador”) and in the professional standards issued by the Brazilian Federal Accounting Council (“Conselho Federal de Contabilidade”), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other issues

Statements of added value

Statements of added value for the year ended March 31, 2017, prepared under responsibility of Company's management and presented as supplementary information, were submitted to audit procedures carried out jointly with the audit of Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Added Value. In our opinion, these statements of added value were adequately prepared, in all material respects, according to criteria defined in this Technical Pronouncement, and are consistent with financial statements taken as a whole.

Responsibility of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with management among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

São Carlos, June 19, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by

Rafael Henrique Klug
Accountant CRC 1SP246035/O-7

Usina Santa Fé S.A.

Balance sheets as of March 31, 2017, 2016 and April 1, 2015

(In thousands of reais)

Assets	Note	31/03/2017	31/03/2016 (Restated)	01/04/2015 (Restated)
Cash and cash equivalents	**7**	30,108	24,157	49,311
Trade accounts receivable	**8**	3,944	5,345	6,147
Inventories	**9**	24,367	26,228	23,241
Biological assets	**10**	54,479	46,931	24,103
Advances to suppliers	**11**	43,780	27,786	26,501
Recoverable taxes	**13**	38,741	18,992	13,000
Current tax assets	**14**	6,040	538	486
Derivative financial instruments	**29**	11,952	2,733	149
Other credits		4,397	4,889	2,214
Total current assets		217,808	157,599	145,152
Advances to suppliers	**11**	4,653	9,003	12,566
Judicial deposits	**15**	17,382	17,579	17,011
Recoverable taxes	**13**	4,672	3,545	3,461
Deferred tax assets	**14**	17,833	59,772	52,684
Other credits		5,180	5,403	2,025
Total non-current assets		49,720	95,302	87,747
				-
Investments		662	662	662
Investment property		1,632	-	-
Property, plant and equipment	**16**	525,470	480,764	502,769
Intangible assets		517	630	892
		528,281	482,056	504,323
Total non-current assets		578,001	577,358	592,070
Total assets		795,809	734,957	737,222

Liabilities	Note	31/03/2017	31/03/2016 (Restated)	01/04/2015 (Restated)
Loans and financing	**18 and 33**	236,562	193,717	184,927
Suppliers	**17**	114,401	87,787	43,981
Taxes and contributions payable	**20**	16,092	12,744	12,020
Salaries and vacations payable		19,427	12,906	12,670
Advances from clients		3,979	3,337	4,255
Other accounts payable		1,869	732	243
Derivative financial instruments	**29**	2,532	3,344	8,436
Total current liabilities		394,862	314,567	266,532
Loans and financing	**18 and 33**	295,102	386,772	412,559
Suppliers	**17**	3,507	1,160	3,757
Taxes and contributions payable	**20**	12,372	15,285	19,729
Loans and financing with related parties	**12**	19,020	17,595	17,832
Derivative financial instruments	**29**	1,406	5,455	5,908
Provisions for contingencies	**21**	19,979	20,489	16,651
Total non-current liabilities		351,386	446,756	476,436
Shareholders' equity	**22**			
Capital		96,592	96,592	96,592
Profit reserves		6,333	5,519	5,519
Revaluation reserve		6,065	7,019	7,956
Equity valuation adjustments		(31,926)	(82,866)	(82,337)
Accumulated losses		(27,503)	(52,630)	(33,476)
Total shareholders' equity		49,561	(26,366)	(5,746)
Total liabilities		746,248	761,323	742,968
Total liabilities and shareholders' equity		795,809	734,957	737,222

See the accompanying notes to the financial statements

Usina Santa Fé S.A.

Statements of income

Years ended March 31, 2017 and 2016

(In thousands of reais)

	Note	31/03/2017	31/03/2016 (Restated)
Net operating income	**23**	571,639	432,487
Cost of products sold	**24**	(442,019)	(362,705)
Fair value of biological assets	**10**	4,209	17,505
Gross income		133,829	87,287
Sales expenses	**24**	(21,212)	(17,403)
Administrative and general expenses	**24**	(26,785)	(29,267)
Other net operating (expenses) income	**25**	16,827	(7,528)
Income before net financial income (expenses) and taxes		102,659	33,089
Financial income	**26**	4,498	4,171
Financial expenses	**27**	(67,653)	(63,818)
Net foreign exchange rate	**28**	(2,738)	(5,169)
Financial income (expenses) and net foreign exchange rate		(65,893)	(64,816)
Income (loss) before taxes		36,766	(31,727)
Deferred income and social contribution taxes	**14**	(14,199)	9,231
Net income (loss) for the year		22,567	(22,496)

See the accompanying notes to the financial statements

Usina Santa Fé S.A.

Statements of comprehensive income

Years ended March 31, 2017 and 2016

(In thousands of reais)

	31/03/2017	31/03/2016 (Restated)
Net income (loss) for the year	22,567	(22,496)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Reclassification of property, plant and equipment for investment property	814	-
Items that may be subsequently reclassified to the income (loss)		
Unrealized foreign exchange variation - hedge accounting, net of tax effects	52,546	1,876
Total comprehensive income	**75,927**	**(20,620)**

See the accompanying notes to the financial statements

Usina Santa Fé S.A.

Statements of changes in shareholders' equity

Years ended March 31, 2017 and 2016

(In thousands of reais)

	Capital	Profit reserve: Legal reserve	Profit reserve: Profit reserve - Law No. 11.638/07	Revaluation reserve	Equity valuation adjustment	Accumulated losses	Total
Balances at April 1, 2015, as previously disclosed	96,592	627	4,892	7,956.00	(82,337)	(30,866)	(3,136)
Impact of the adoption of amendments in reviewed CPC 27 and 29	-	-	-	-	-	(2,610)	(2,610)
Balances at April 1, 2015 (Restated)	96,592	627	4,892	7,956.00	(82,337)	(33,476)	(5,746)
Realization of revaluation reserve	-	-	-	(937.00)	-	937	-
Realization of deemed cost for the fixed assets - CPC 27	-	-	-	-	(2,405)	2,405	-
Net gains (losses) from cash flow hedge	-	-	-	-			-
Hedge accounting on loans					(4,428)	-	(4,428)
Hedge accounting on NDF - Non-Deliverable Forward					7,271	-	7,271
Income and social contribution taxes					(968)	-	(968)
Loss for the year	-	-	-	-	-	(22,496)	(22,496)
Balances at March 31, 2016 (Restated)	96,592	627	4,892	7,019.00	(82,866)	(52,630)	(26,366)
Other comprehensive income	-	-	814	-	-	-	814
Realization of revaluation reserve	-	-	-	(954)	-	954	-
Realization of deemed cost for the fixed assets - CPC 27	-	-	-	-	(1,606)	1,606	-
Net gains (losses) from cash flow hedge							
Hedge accounting on loans	-	-	-	-	71,738	-	71,738
Hedge accounting on NDF - Non-Deliverable Forward	-	-	-	-	8,094	-	8,094
Income and social contribution taxes	-	-	-	-	(27,286)	-	(27,286)
Net income for the year	-	-	-	-	-	22,567	22,567
Balances at March 31, 2017	96,592	627	5,706	6,065.00	(31,926)	(27,503)	49,561

See the accompanying notes to the financial statements

Usina Santa Fé S.A.

Statements of cash flows – Indirect method

Years ended March 31, 2017 and 2016

(In thousands of reais)

	31/03/2017	31/03/2016
Cash flows from operating activities		
Net income (loss) for the year	22,567	(22,496)
Adjustments for:		
Depreciation, exhaustion and amortization:		
Depreciation and amortization (agriculture and industry)	24,384	29,819
Depreciation of sugar cane planting	41,323	44,586
Amortization of cultural treatments	43,923	33,378
Amortization of off-season (agriculture and industry)	28,242	36,623
Income (loss) from sale of fixed assets	3,642	5,508
Change in fair value of biological assets	(4,209)	(17,505)
Deferred income and social contribution taxes	14,199	(9,231)
Derivative financial instruments	(10,253)	(859)
Accrued interest from loan agreements	2,171	2,092
Interest on loans and financing provisioned	54,830	52,376
Reversal of provision for contingencies	(510)	3,838
	220,309	158,129
Changes:		
Trade accounts receivable	1,401	802
Inventories	1,861	(2,987)
Advances to suppliers	(11,644)	13
Recoverable taxes	(20,876)	(4,883)
Other credits	715	(6,053)
Judicial deposits	197	(568)
Suppliers	28,961	43,474
Taxes and contributions payable	435	(3,720)
Salaries and vacations payable	6,521	236
Advances from clients	642	(918)
Other accounts payable	1,137	488
Net cash generated in operating activities	229,659	184,013
Interest on loans and financing paid	(53,692)	(50,504)
Net cash flow and cash and cash equivalents from operating activities	175,967	133,509
Cash flows from investment activities		
Acquisition of biological assets	(47,262)	(38,701)
Acquisition of intangible assets	(18)	(196)
Acquisition of property, plant and equipment	(143,708)	(94,144)
Net cash and cash equivalents used in investment activities	(190,988)	(133,041)
Cash flows from financing activities		
Loan agreements (related parties)	-	826
Loan agreements paid (related parties) (principal)	(746)	(3,154)
Loans and financing obtained	156,809	220,102
Loans and financing paid (principal)	(135,091)	(243,397)
Net cash and cash equivalents from (used in) financing activities	20,972	(25,622)
Increase (decrease) in cash and cash equivalents	5,951	(25,154)
Cash and cash equivalents at April 1	24,157	49,311
Cash and cash equivalents on March 31	30,108	24,157

See the accompanying notes to the financial statements

Usina Santa Fé S.A.

Statements of added value

Years ended March 31, 2017 and 2016

(In thousands of reais)

	31/03/2017	31/03/2016
Income		
Sales of products	647,989	521,937
Other income	2,628	1,703
Fair value of biological assets	4,209	17,505
Net income (loss) from cash flow hedge	(22,420)	(48,624)
	632,406	492,521
Inputs acquired by third parties		
Cost of products sold	(219,898)	(148,712)
Administrative expenses	(29,464)	(24,694)
	(249,362)	(173,406)
Gross added value	**383,044**	**319,115**
Depreciation, amortization and depletion		
Off-season amortization	(28,242)	(36,623)
Depreciation and amortization	(24,380)	(29,819)
Harvested biological assets (amortization)	(85,243)	(70,001)
	(137,864)	(136,443)
Net added value produced by the Entity	**245,180**	**182,672**
Added value received as transfer		
Financial income	4,498	4,171
	4,498	4,171
Total added value payable	**249,678**	**186,843**
Distribution of added value		
Personnel and charges		
Direct remuneration	81,332	79,336
Benefits	7,977	6,894
FGTS	5,936	7,068
Directors' fees	1,857	1,659
	97,102	**94,957**
Taxes, rates and contributions		
Federal	17,036	13,692
State	40,246	30,222
Municipal	17	25
	57,299	**43,939**
Third-party capital remuneration		
Interest	67,653	63,818
Rentals/Leases	2,319	1,456
Foreign exchange variation	2,738	5,169
	72,710	**70,443**
Remuneration of own capital		
Net income (loss) for the year	22,567	(22,496)
Distributed added value	**249,678**	**186,843**

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of reais)

1 Operations

Usina Santa Fé S.A.

The Company is headquartered at Estrada da Antiga Fazenda Itaquerê s/nº, Bairro rural, in the city of Nova Europa - SP, and its main purpose is the production and processing of sugar cane, its industrial derivatives, sugar and ethanol, for trading in the domestic and foreign markets. The Company has achieved productivity records observed in the most recent crops. During the 2016/17 crop, the Company obtained a grinding of 4,511 (3,924 in 2015/16 crop) millions of tons of sugarcane, an increase of 14.98%. Moreover, it reached important indicators in the process of harvest mechanization and sugarcane plantation mechanization over the past crops, whose mechanization rates reached 100% in last crop. The production mix practiced in this crop was 49.56% for the production of sugar and 50.44% for ethanol. It is important to note that the Company has focused its efforts to reduce its operating costs by optimizing the harvest processes, loading and transportation, as well as other activities such as mechanized plantation and improvements in the manufacturing process to ensure the highest quality to its products.

As a result of the investments already made in industry and agriculture, the Company provides a grinding of 4.25 million tons of sugarcane in the 2017/18 crop, close to its processing capacity. For such, the Company has agricultural partnership agreements for sugarcane production with a related company Agropecuária Nova Europa S.A., shareholders and third parties that together with sugarcane suppliers ensure the production for the next harvest periods.

Management considers that the company will normally continue as an ongoing concern to prepare these financial statements based on the business plan approved by the Management, the possibility of maintaining credits by third parties to allow short and long-term funds as loans and financing, and the possibility of expanding the payment for the supply of agricultural inputs.

2 Basis of preparation

a. Statement of conformity (regarding CPC and CFC standards)

Financial statements were prepared in accordance with accounting practices adopted in Brazil, comprising the Brazilian Corporation Law, Statements, Guidance and Interpretations issued by Accounting Pronouncement Committee (CPC) and the rules issued by the Federal Accounting Council (CFC).

The issue of financial statements was authorized by the Executive Board of the Company on June 19, 2017. Once the financial statements have been issued, only the shareholders have the power to change them.

Details on the Company’s significant accounting policies are shown in Note 6.

All relevant information specific to the financial statements, and only such information, is being evidenced, and corresponds to the information used by company Management.

b. Restatement of corresponding values – changes in accounting policies due to the adoption of amendments in the accounting standards

The Company adopted amendments to IAS 16 **-** Property, plant and equipment (CPC 27) and IAS 41 **-** Agriculture (CPC 29) standards as of April 1, 2016. With the changes, the biological assets for production (*bearer biological assets*), in the case of the Company, sugarcane ratoons, are no longer part of the scope of IAS 41 and should be recorded according to IAS 16, that is, cost less accumulated depletion and possible impairment loss. Consumable biological asset, in case of the Company, uncut sugarcane, should be defined at fair value and continues in the scope of IAS 41 (CPC 29) until harvesting.

The transition date of said standards was April 1, 2015, the beginning of the earliest comparative period of the financial statements, since the Company discloses two years of results in its annual financial statements. The Company decided to adopt the deemed cost to fixed assets on the transition date.

The impacts on the Company's balance sheet on April 1, 2015 and March 31, 2016, and in the statement of income for the year ended March 31, 2016, are as follow:

Balance sheet	**April 1, 2015**		
	As previously disclosed	**Reviewed adjustments in application of CPC 27 and 29**	**Restated**
Assets			
Current assets			
Biological assets	-	24,103	24,103
Other	121,049	-	121,049
Total current assets	121,049	24,103	145,152
Other	35,063	-	35,063
Deferred tax assets	51,509	1,175	52,684
Total non-current assets	86,572	1,175	87,747
Biological assets	202,475	(202,475)	-
Property, plant and equipment	328,182	174,587	502,769
Other	1,554	-	1,554
Total non-current assets	618,783	(26,713)	592,070
Total assets	739,832	(2,610)	737,222

	April 1, 2015		
	As previously disclosed	**Reviewed adjustments in application of CPC 27 and 29**	**Restated**
Liabilities			
Current			
Other	266,532	-	266,532
Total current liabilities	196,593	-	196,593
Non-current liabilities			
Other	476,436	-	476,436
Total non-current liabilities	476,436	-	476,436
Shareholders' equity			
Other	27,730	-	27,730
Accumulated losses	(30,866)	(2,610)	(33,476)
Total shareholders' equity	(3,136)	(2,610)	(5,746)
Total liabilities	742,968	-	742,968
Total liabilities and shareholders' equity	739,832	(2,610)	737,222

Balance sheet

	March 31, 2016		
	As previously disclosed	**Reviewed adjustments in application of CPC 27 and 29**	**Restated**
Assets			
Current assets			
Biological assets	-	46,931	46,931
Other	110,668	-	110,668
Total current assets	110,668	46,931	157,599
Other	35,530	-	35,530
Deferred tax assets	60,663	(891)	59,772
Total non-current assets	96,193	(891)	95,302
Biological assets	223,167	(223,167)	-
Property, plant and equipment	301,908	178,856	480,764
Other	1,292	-	1,292
Total non-current assets	622,560	(45,202)	577,358
Total assets	733,228	1,729	734,957

	March 31, 2016		
	As previously disclosed	**Reviewed adjustments in application of CPC 27 and 29**	**Restated**
Liabilities			
Current liabilities			
Other	314,567	-	314,567
Total current liabilities	314,567	-	314,567
Non-current			
Other	446,756	-	446,756
Total non-current liabilities	446,756	-	446,756
Shareholders' equity			
Other	26,264	-	26,264
Accumulated losses	(54,359)	1,729	(52,630)
Total shareholders' equity	(28,095)	1,729	(26,366)
Total liabilities	761,323	-	761,323
Total liabilities and shareholders' equity	733,228	1,729	734,957

Statement of income

	April 1–March 31, 2016		
	As previously disclosed	**Reviewed adjustments in application of CPC 27 and 29**	**Restated**
Net operating income	432,487	-	432,487
Change in fair value of biological assets	7,279	10,226	17,505
Cost of products sold	(357,709)	(4,996)	(362,705)
Gross income	82,057	5,230	87,287
Sales expenses	(17,403)	-	(17,403)
Administrative expenses	(29,267)	-	(29,267)
Other operating expenses, net	(7,528)	-	(7,528)
Income (loss) before net financial income (expenses) and taxes	27,859	5,230	33,089
Financial income	4,171	-	4,171
Financial expenses	(63,818)	-	(63,818)
Net foreign exchange rate	(5,169)	-	(5,169)
Net financial	(64,816)	-	(64,816)
Loss before taxes	(36,957)	5,230	(31,727)
Deferred income and social contribution taxes	10,122	(891)	9,231
Income (loss) for the year	(26,835)	4,339	(22,496)

The impacts on the statement of comprehensive income is limited to the net effect of aforementioned income (loss) for the period. The impacts on the statements of cash flows are restricted to the reclassification between the lines of operating activities, without, however, affecting the subtotals of operating, investment and financing activities.

3 Functional and presentation currency

These financial statements are being presented in Brazilian Real, functional currency of the Company. All financial information presented in Brazilian Reais has been rounded to the nearest value, unless otherwise indicated.

4 Use of estimates and judgments

The preparation of these financial statements, Management used judgments, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Uncertainties on the assumptions and estimates

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

- **Note 6.d.iii -** Useful life of the fixed assets;
- **Note 14 –** Deferred tax assets and liabilities; and
- **Note 21** – Provision for contingencies.

Measurement at fair value

A series of company accounting policies and disclosures requires the measurement of fair values, for financial and non-financial assets and liabilities.

The Company established a control structure related to measurement of fair values. This includes an evaluation team with general responsibility of reviewing all significant fair value measurements, including Level 3 fair values (assumption for assets and liabilities which are not based on observable market data), and reported directly to the Financial Office.

Evaluation team regularly reviews significant non-observable data and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the CPC requirements, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring fair value of an asset or liability, the Company uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

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

- **Level 3:** Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

All of the Company's financial instruments - assets and liabilities - are classified as "Level 2".

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

Additional information about the assumptions used in the measurement of fair values are included in Note 29 – Financial instruments.

5 Basis of measuring

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

- Non-derivative financial instruments stated at fair value through profit or loss are measured at fair value;
- Financial instruments classified as currency (USD) measured at fair value through hedge accounting; and
- Biological assets measured at fair value.

6 Significant accounting policies

The accounting policies described in detail below have been consistently applied to all the years presented in these financial statements, except otherwise indicated.

a. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the foreign exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted into the functional currency at the foreign exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the foreign exchange rate on the date the fair value was determined. Non-monetary items that are measured based on the historical cost in foreign currencies are translated using the rate of the transaction date. Foreign exchange differences arising from the translated are recognized in income (loss).

However, foreign exchange differences arising from the conversion of the item listed below are recognized in other comprehensive income:

- Qualified and effective cash flow hedge.

b. Financial instruments

The Company classifies non-derivative financial assets in the following categories: financial instruments measured at fair value through profit or loss and loans and receivables. The Company classifies non-derivative financial liabilities in the category of other financial liabilities.

(i) Non-derivative financial assets and liabilities – Recognition and derecognition

The Company initially recognizes the loans and receivables and debt instruments on the date that they are originated. All other financial assets and liabilities are initially recognized on the date of the negotiation, 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 flow of the asset expire, or when the Company transfers the rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled or expire.

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

(ii) Non-derivative financial assets - Measurement

Financial assets measured at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is held for trading, or stated as such when initially recognized. The transaction costs are recognized in income (loss) as incurred. Financial assets registered at fair value through profit or loss are stated at fair values, and any changes to the fair values of these assets are recognized to profit and loss for the year.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, but not quoted on any active market. Such assets are initially recognized at fair value plus any transaction costs directly attributable. After their initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, reduced by any impairment losses.

Loans and receivables include trade accounts receivable, loans **-** loan agreements and other credits.

Cash and cash equivalents

Cash and cash equivalents comprise balances of cash and financial investments with original maturities of three months or less as of the contracting date, which are subject to an insignificant risk of change in value and are used to manage short-term obligations. Any overdraft limits of banks that have to be paid at sight and that form an integral part of cash management of the Company, if any, are included as a component of cash and cash equivalents for purposes of the statement of cash flows.

(iii) Non-derivative financial liabilities- Measurement

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the negotiation date on which the Company becomes a party to the contractual provisions of the instrument. The transaction costs are recognized in income (loss) as incurred. Financial liabilities recorded at fair value through profit or loss are measured at fair value and changes in the fair value of such liabilities, including gains with interest and dividends, are recognized in the income (loss) for the year.

Other non-derivative financial liabilities are initially recognized at fair value less any transaction costs directly attributable. After their initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Other non-derivative financial liabilities comprise: loans and financing, suppliers, advances from clients, loans - loan agreements and other accounts payable.

(iv) Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its exposure to foreign currency and interest rate changes.

Upon initial designation of the derivative as a hedging instrument, the Company formally documents the relationship between the hedge instruments and the hedgeable items, including the risk management goals and the strategy in the execution of the hedge transaction and the hedgeable risk, together with the methods that will be used to assess the effectiveness of the hedge relationship. The Company evaluates the hedge relationship, initially and then continuously, to conclude if hedge instruments are expected to be "highly effective" in the offset of variations in fair value or cash flows of items subject to hedge during the period for which hedge is assigned whether the actual results of each hedge are within the range of 80%-125%. For a cash flows hedge of a planned transaction, the transaction should have its occurrence as highly probable and should present exposure to variations in the cash flows that at the end could affect the reported income (loss).

Derivatives are initially recognized at fair value. Any attributable transaction costs are recognized in profit or loss when incurred. After the initial recognition, derivatives are measured at fair value and changes in fair value are recorded as described below.

Cash flow hedges

When a derivative is designated as a hedge instrument to hedge cash flow variability attributed to a specific risk associated with a recognized asset or liability or a highly probable foreseen transaction that could affect the net income, the effective portion of variation in the derivative's fair value is recognized in other comprehensive income and disclosed in “equity evaluation adjustments” caption in shareholders' equity. Any non-effective portion of the variations in the fair value of the derivative is recognized immediately in net income. When the hedged item is a non-financial asset, the accumulated amount held in other comprehensive income is reclassified to income (loss) in the same year or years during which the non-financial asset does not affect income (loss). In other cases, the amount accumulated in other comprehensive income is transferred to income (loss) in the same year in which the hedgeable item affects income (loss). If the hedge instrument no longer satisfies the hedge accounting criteria, expires or is sold, wound up, exercised or has its designation revoked, then the hedge accounting is discontinued prospectively. If there are no more expectations regarding the occurrence of the planned transaction, then the balance in other comprehensive income is reclassified to income (loss).

(i) Capital

Common shares

Common shares are classified as shareholders' equity.

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

c. Investments

The investments were valued using the equity method and the other were recorded at the cost of provision for devaluation, when applicable.

d. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are measured at historical acquisition or construction cost, net of accumulated depreciation.

The cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of assets constructed by the Company itself include:

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to the location and condition required for them to operate in the manner intended by the Management;
- The costs for dismantling and restoration of the site where these assets are located; and
- Loan costs on qualifiable assets.

The cost of certain items of property and equipment on January 1, 2009, the date of the Company's transition to the CPC was determined based on the fair value at that date.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

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

Any gains and losses on disposal of a property, plant and equipment item (determined by comparing funds from disposal with the book value of the item) are recognized in Other operating income (expenses) in profit or loss.

(ii) Subsequent costs

Subsequent expenditures are capitalized in accordance with the probability that associated future economic benefits may be earned by the Company. Maintenance expenses and recurring repairs are recognized in the income when incurred.

(iii) Depreciation

Items of fixed assets are depreciated as of the date they are installed and are available for use, or, in the case of assets constructed internally, as of the date the construction is concluded and the asset is available for use.

Fixed asset items are depreciated using the straight-line method in the income (loss) for the year based on the estimated economic useful life of each component. Leased assets are depreciated over the shorter of the lease term or the estimated useful life of the asset, unless it is reasonably certain that the Company will obtain ownership at the end of the lease term. Land is not depreciated.

The annual average rate for depreciation of assets for the current and comparative years are as follows:

	2017 and 2016
Buildings and improvements	2%
Furniture and fixtures	3%
Vehicles and road implements	6%
Agricultural machinery and inputs	6%
Machinery, equipment and facilities	5%
Computers and peripherals	14%
Leasehold improvements	2%

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

e. Biological assets

Biological assets measured at fair value.
Changes in fair value not recorded in income (loss). Uncut sugarcane is transferred to inventories at fair value.

f. Intangible assets

Intangible assets include assets acquired from third parties measured at the total acquisition cost, minus amortization expenses. Intangible assets with defined useful life are amortized by the straight-line method within medium term of 5 years.

g. Leased assets

Certain leasing contracts substantial transfer to the Company the risks and benefits inherent to the features of the asset. These contracts are described as financial leasing contracts and the assets are recognized at the fair values or the present values of the minimum payments provided in their contracts. Goods recognized as assets are depreciated according to the applicable rates of depreciation for each asset group rate applicable to the group of assets pursuant to Note 6.d.*iii*. Financial charges related to financial leasing agreements are appropriated to income throughout the term of the agreement, based on the amortized cost and the actual interest rate method.

The other leases are operating leases and are not recognized in the balance sheet of the Company.

h. Inventories

Inventories are measured at the lower of cost and net realizable value. Inventory costs are valued at the average cost of purchase or production and include expenses incurred in the acquisition of inventories, production and conversion costs and other costs incurred in bringing them to their current locations and conditions. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The net realizable value is the estimated price at which inventories can be realized in the normal course of business, less the estimated completion costs and sales expenses.

i. Impairment

(i) Financial assets (including receivables)

Financial assets not classified as financial assets at fair value through profit or loss, are evaluated at each balance sheet date to determine if there is objective impairment evidence.

Objective evidences of financial assets' impairment include:

- debtor's default or delays;
- restructuring of an amount owed to the Company at conditions not considered as normal conditions;
- indications that the debtor or issuer will face bankruptcy/court-supervised reorganization;
- negative changes in payment situation of debtors or issuers;
- the disappearance of an active market for an instrument due to financial difficulty; or
- observable data indicating that expected cash flow measurement of a group of financial assets decreased.

(ii) Non-financial assets

The book values of the non-financial assets of the Company, except for inventories and deferred income and social contribution taxes are reviewed at each reporting date for indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

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

Company's Management did not identify any evidence that would justify the need for asset impairment at March 31, 2017 and 2016.

j. Employee benefits

(i) Short-term employee benefits

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

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

k. Provisions

Provisions are determined by discounting the estimated future cash flows at a pre-tax rate which reflects the current market evaluations as to the value of the cash over time and the specific risks of the liability. The effects of discounting to present value are recognized in income (loss) as financial expense.

l. Operating income

(i) Sale of products

The operating income from sales of products in the normal course of business is measured by the fair value of the installment received or receivable. Operating income is recognized when there is convincing evidence that the risks and rewards inherent to the ownership of the assets have been transferred to the purchaser, it is probable that the financial economic benefits will flow to the Entity, the related costs and potential return of goods can be reliably estimated, there is no continued involvement with the goods sold, and the amount of operating income can be reliably measured.

m. Lease payments

(i) Lease payments

Payments made for operating leasing are charged to income (loss) on the straight-line basis over the lease period. Lease incentives received are recognized as an integral part of total lease expenses, over the lease agreement period.

Minimum lease payments made under financial leasing are apportioned between financial expenses and reduction of the outstanding liability. Financial expenses are allocated in each period over the lease period in order to produce a continuous and periodic compounding interest rate over the remaining liability balance.

(ii) Determining whether an agreement contains a lease

At the inception of an agreement, the Company defines whether the agreement is for or contains a lease. This is the case if the two conditions below are met:

a. Meeting the agreement depends on the use of said specified asset, and

b. The agreement has a right of use of the asset.

At the inception of an agreement or at the time of a possible revaluation thereof, the Company separates payments and other considerations required by said agreement between those for leasing and those for other components, taking as a basis their relative fair values.

Should the Company conclude that, for a given financial lease, a reliable separation of the payments is impracticable, one asset and one liability are recognized for an amount equal to the fair value of the underlying asset. Subsequently, the minimum lease payments made under financial leases are apportioned between financial expense (based on the Company's incremental interest rate) and reduction of the outstanding liability.

Minimum lease payments made under financial leasing are apportioned between financial expenses and reduction of the outstanding liability. Financial expenses are allocated in each period over the lease period in order to produce a continuous and periodic compounding interest rate over the remaining liability balance. Contingent lease payments are recorded by reviewing minimum lease payments over the remaining lease period upon confirmation of the lease adjustment.

n. Financial income and expenses

Financial income comprise income from changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in income (loss) under the effective interest method.

Financial expenses include loan interest expenses and variations in fair value of financial assets measured at fair value through profit or loss. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

Foreign exchange gains and losses are reported on a net basis.

o. Income and social contribution taxes

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

The income and social contribution tax expense comprises current and deferred taxes on income. Current taxes and deferred taxes are recognized in income (loss) unless they are related to items directly recognized in Shareholders' equity or in other comprehensive income.

(i) Current income and social contribution tax expenses

Current tax expense is the tax payable or receivable on the taxable income or loss for the year and any adjustments to taxes payable in relation to prior years. The amount of current taxes payable or receivable is recognized in the balance sheet as a tax asset or liability at the best estimate of the expected amount of taxes payable or receivable reflecting the uncertainties related to its calculation, if any. It is measured based on tax rates enacted at the balance sheet date.

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

(ii) Deferred income and social contribution tax expenses

Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement purposes and the related amounts used for taxation purposes. The changes in deferred tax assets and liabilities for the year are recognized as deferred income and social contribution tax expense.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which will be used. Deferred tax assets are reviewed at each balance sheet date and reduced when their realization is no longer probable.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which will be used. Deferred tax assets are reviewed at each balance sheet date and reduced when their realization is no longer probable.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates enacted up to the date of balance sheet.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the way which the Company expects to recover or settle its assets and liabilities.

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

p. New standards and interpretations not yet adopted

Several new standards, amendments to standards and interpretations will become effective for the years started after January 1, 2016. The Company did not adopt these changes in the financial statements. The Company does not plan to adopt this standard in advance.

Disclosure Initiative (Amendments to CPC 26 / IAS 7)
The amendments require additional disclosures that allow users of financial statements to understand and assess changes in liabilities arising from financing activities, whether arising from cash flow and other changes.
Amendments are effective in years starting on or after January 1, 2017. Early adoption is permitted only for financial statements in accordance with IFRS.

In order to fulfill the new disclosure requirements, the Company intends to submit a reconciliation between the opening and closing balances of liabilities with changes arising from financing activities.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to CPC 32 / IAS 12)
The amendments clarify the accounting of deferred tax assets for unrealized losses on debt instruments measured at fair value.

Amendments are effective in years starting on or after January 1, 2017, and early adoption is allowed only to financial statements, pursuant to IFRSs.

The Company is evaluating the potential impact on its financial statements. Thus far, the Company does not expect any significant impact.

IFRS 15 Income from Contracts with Clients
IFRS 15 introduces a comprehensive framework for determining whether and when income is recognized, and how income is measured. IFRS 15 replaces current income recognition standards, including CPC 30 (IAS 18) Income, CPC 17 (IAS 11) Construction Contracts, and CPC 30 Interpretation A (IFRIC 13) Client Loyalty Programs.

IFRS 15 becomes effective for annual periods starting on or after January 1, 2018. Early adoption is permitted only for financial statements in accordance with IFRS.

The Company is evaluating the potential impact on its financial statements.

(i) Sale of products
For product sales, income is currently recognized when the goods are delivered to the client’s location, considered as the time when the client accepts the goods and the risks and benefits related to ownership are transferred. Income is recognized at this time, provided that the income and costs can be measured reliably, receipt of consideration is probable, and there is no continuous involvement of Management with the products.

According to IFRS 15, income must be recognized when the client obtains control of the products.

For certain contracts that allow the client to return the good, income is currently recognized when a reasonable estimate of returns can be made, provided that all other income recognition criteria are met. If a reasonable estimate cannot be made, income recognition is deferred until the return period expires or until a reasonable estimate of the returns can be made.

(ii) Transition
The Company will adopt IFRS 15 in its financial statements for the year ended March 31, 2019 and intends to use the retrospective approach. As a result, the Company will apply all the requirements of IFRS 15 to each comparative period presented, adjusting its financial statements previously reported.

The Company plans to use practical expedients for completed contracts. This means that completed contracts that started and ended in the same comparative reporting period, as well as those that are completed contracts at the beginning of the oldest period reported, will not be re-reported.

The Company is evaluating the potential impact on its financial statements. Thus far, the Company does not expect any significant impact on the financial statements.

IFRS 9 Financial Instruments
IFRS 9 replaces guidelines of IAS 39 (CPC 38) Financial Instruments: Recognition and measurement. IFRS 9 includes new models for the classification and measurement of financial instruments and measurement of expected credit losses for financial and contractual assets, and new requirements on hedge accounting. The new standard maintains the IAS 39 guidelines about acknowledging and disacknowledging financial instruments.

IFRS 9 will become effective for annual periods starting on or after January 1, 2018, with early adoption allowed only to financial statements, pursuant to IFRSs.

The effective impact of the adoption of IFRS 9 on the Company's financial statements in 2018 cannot be estimated with confidence, as it will depend on the financial instruments held by the Company and the economic conditions in 2018, as well as accounting decisions and judgment calls that the Company will make in the future. The new standard will require the Company to review its accounting procedures and internal controls related to the classification and measurement of financial instruments, and these changes are not yet finalized. However, the Company conducted a preliminary assessment of the potential impact of adopting IFRS 9 based on its position at March 31, 2017 and the hedge relationships identified in 2016 under IAS 39.

(i) Classification - Financial assets
IFRS 9 contains a new approach to financial asset classification and measurement that reflects the business model in which the assets are managed and their cash flow characteristics.

IFRS 9 contains three main classification categories for financial assets: measured at amortized cost, at fair value through other comprehensive income (FVTOCI) and at fair value through profit or loss (FVTPL). The standard eliminates the categories existing in IAS 39 of held-to-maturity, loans and receivables, and available for sale.

Based on its preliminary assessment, the Company does not consider that the new classification requirements, if applied at March 31, 2017, would have a significant impact on the accounting of accounts receivable and loans.

(ii) Impairment - Financial and contractual assets
IFRS 9 replaces the "incurred losses" model of CPC 38 (IAS 39) with a prospective "expected credit losses" model. This will require a relevant judgment as to how changes in economic factors affect the expected credit losses, which will be determined based on weighted probabilities.

The new model of expected losses will be applied to financial assets measured at amortized cost or VFTOCI, with the exception of investments in equity instruments and contractual assets.

According to IFRS 9, the provisions for expected losses will be measured on one of the following bases:

- Expected credit losses for 12 months, i.e., credit losses that result from potential delinquency events within 12 months after the reporting date; and

- Lifetime expected credit losses, i.e., credit losses that result from all possible delinquency events over the expected life of a financial instrument.

The measurement of lifetime expected credit losses applies if the credit risk of a financial asset at the reporting date has increased significantly since its initial recognition, and the 12-month credit loss measurement applies if the risk has not increased significantly since its initial recognition. An entity may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk on the reporting date. However, the measurement of lifetime expected credit losses always applies to trade accounts receivable and contractual assets without a significant financing component; an entity may opt to apply this policy also to trade accounts receivable and contractual assets with a significant financing component.

The Company does not consider that the new classification requirements, if applied on March 31, 2017, would have a significant impact as a result of income from services rendered. However, the Company has not yet finalized the methodology for impairment that it will apply under IFRS 9.

(iii) Classification - Financial liabilities

IFRS 9 retains a large part of the requirements of IAS 39 for the classification of financial liabilities.

However, according to IAS 39, all changes in fair value of the liabilities designated as FVTPL are recognized in Income, whereas, according to IFRS 9, these changes in fair value are generally reported as follows:

- the amount of the change in fair value that is attributable to changes in the credit risk of the financial liability is presented in Other comprehensive income (OCI); and
- the remaining amount of the change in fair value is presented in income (loss).

The Company did not assign or intend to assign financial liabilities as fair value through profit or loss (VJR). The Company’s preliminary assessment did not indicate any material impact if the requirements of IFRS 9 relating to the classification of financial liabilities were applied at March 31, 2017.

(iv) Disclosures

IFRS 9 will require extensive new disclosures, specifically regarding credit risk and expected credit losses. The Company’s preliminary assessment included an analysis to identify deficiencies in relation to required information and current processes, and the Company plans to implement changes in its systems and controls to comply with the new requirements.

(v) Transitions

Changes in the accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except for the changes described below:

- The Company intends to take advantage of the exemption that allows it not to re-report comparative information from prior periods resulting from changes in the classification and measurement of financial instruments (including expected credit losses). The differences in the book balances of financial assets and liabilities resulting from the adoption of IFRS 9 will generally be recognized in retained earnings (losses) and reserves on January 1, 2018.

- The following assessments should be made based on the facts and circumstances that existed on the date of the initial adoption:

- Determination of the business model within which a financial asset is held; and

- The designation and revoke of previous designations of certain financial assets and liabilities measured at fair value through profit or loss.

IFRS 16 Leases

IFRS 16 introduces a single model for lease recognition in lessees' balance sheet. A lessee recognizes a right-of-use asset that represents their right to use the leased asset and a lease liability representing its obligation to make lease payments. Optional exemptions are available for short-term and low-value leases. The lessor's accountings remain like the current standard, i.e. lessors continue to classify leases as financial or operational.

IFRS 16 replaces the existing lease standards including CPC 06 (IAS 17) Leasing Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Additional Aspects of Leasing Operations. This standard is effective for annual periods started as of or after January 1, 2019.

Early adoption is permitted only for financial statements in accordance with IFRS's and only for entities that apply IFRS 15 Income from Contracts with Clients on or before the date in which IFRS 16 is first applied.

The Company started an initial evaluation of possible impact on its financial statements. Until now, the most significant impact identified is that the Company will recognize new assets and liabilities for its warehouses and plants' operating leases. In addition, nature of expenses related to these leases will be changed, as IFRS 16 replaces straight-line operating lease expenses by depreciation expenses with right of use and interest on lease liabilities. The Company has not yet decided if it will use optional exemptions. No significant impact is expected on the Company's financial lease contracts.

Other changes

The Accounting Pronouncement Committee has not yet issued any accounting pronouncement or amendments in current pronouncements corresponding to all IFRSs. Therefore, the early adoption of these IFRS is not allowed for entities that prepare their financial statements under the accounting practices adopted in Brazil.

7 Cash and cash equivalents

	2017	**2016**
Cash and banks	513	5,737
Interest earning bank deposits	29,595	18,420
	30,108	24,157

Highly liquid short-term interest earning bank deposits are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

Interest earning bank deposits refer substantially to Bank Deposit Certificates, remunerated at rates which vary from 90% and 100.5% of the Interbank Deposit Certificate (CDI). Interest-earning bank deposits are performed with prime institutions, to minimize the credit risk, a policy that is adopted by the Company in the management of these financial assets.

The Company's exposure to rate risks and a sensitivity analysis of financial assets and liabilities are disclosed in Note 29.

8 Trade accounts receivable

	2017	**2016**
Accounts receivable - Domestic	4,175	5,576
(-) Estimated losses on doubtful accounts	(231)	(231)
	3,944	5,345

The exposure to currency risks and related to trade accounts receivables are disclosed in note 29.

The breakdown of balances by maturity age may be presented as follows:

Aging list **Trade notes receivable:**	**2017**	**2016**
Loans falling due	2,738	868
Past due receivables - in days:		
up to 30	594	318
31–60	301	31
61–90	-	3,012
>90	311	1,116
	3,944	5,345

9 Inventories

	2017	**2016**
Finished products:		
Sugar	342	88
Ethanol	7,669	6,524
Storeroom	15,799	17,907
	23,810	24,529
Work in process:		
Work in process	557	1,709
	24,367	26,228

10 Biological assets

	Total
Balance at March 31, 2015 (Restated)	**24,103**
Increase in new cultural treatments	38,701
Decrease due to harvesting	(33,378)
Change in biological asset's fair value	17,505
Balance at March 31, 2016 (Restated)	**46,931**
Increase in new cultural treatments	47,262
Decrease due to harvesting	(43,923)
Change in biological asset's fair value	4,209
Balance at March 31, 2017	**54,479**

Sugarcane plantations

Planted areas refer only to sugarcane plants, and do not consider planted land. The following assumptions were used in the determination of the fair value:

	2017	2016
Estimated harvest area (hectares)	29,411	29,823
Estimated average productivity per crop (sugarcane tons/hectares)	88.61	94.03
Total recoverable sugar (ATR) (kg)	126.5	133
TRS value/kg (R$)	0.68	0.56

The Company is exposed to several risks related to its harvests:

Regulatory and environmental risks

The Company is subject to laws and regulations pertinent to its activities. The Company has established environmental policies and procedures which seek to comply with environmental laws. The management periodically carries out analysis to identify environmental risks and to ensure that the existing systems are sufficient to manage these risks.

Supply and demand risks

The Company is exposed to risks arising from sugar and ethanol sales price and volume fluctuations. Whenever possible, the Company manages these risks by aligning its production volume to market supply and demand. Management conducts regular trend analyses to guarantee that operating strategies are in line with market trends and ensure that estimated production volumes are consistent with expected demand.

Climatic risks and others

The sugarcane planting operations are exposed to the risk of damage due to climate changes, pests and diseases, forest fires and other forces of nature. The Company has extensive processes in place that allocate resources for the follow up and mitigation of these risks, including regular inspections on sugarcane plantation.

11 Advances to suppliers

	2017	2016
Current:		
Advances to sugarcane suppliers - third-parties	39,541	26,673
Advances to suppliers of materials	3,311	740
Advances of sugarcane – related parties (Note 12)	928	373
	43,780	27,786
Non-current:		
- Advances to sugarcane suppliers - third-parties	4,653	9,003

The balances of advances to sugarcane suppliers - third parties refer to balances of advances made by the Company to its partners for future sugarcane deliveries under agreements in effect through 2022.

12 Related parties

a. Operations with key personnel

Key management personnel is comprised of the Executive Board elected triennially in the Annual Shareholders' Meeting. The Company does not grant long-term benefits to key management personnel.

Main balances and transactions which have affected the income (loss)

The main balances of assets and liabilities as of March 31, 2017 and 2016, as well as the transactions that influenced the income (loss) for the period, related to operations with related parties, result from transactions of the Company as shown below:

		Balances		Income (expenses)	
	Relationship	2017	2016	2017	2016
Current assets					
Advances to sugarcane supplier (Note 11)					
Shareholders, Directors, Advisors and Managers	Individual	928	373	-	-
		928	373	-	-
Current liabilities					
Purchase of sugarcane (Note 17)					
Shareholders, Directors, Advisors and Managers	Individual	(288)	(359)	-	-
Agropecuária Nova Europa S.A.	Legal Entity	(11,187)	(5,598)	(7,607)	(5,864)
		(11,475)	(5,957)	(7,607)	(5,864)
Current liabilities					
Interest on own capital					
Shareholders	Individual	(177)	(177)	-	-
		(177)	(177)	-	-
Non-current liabilities					
Loans and financing with related parties:					
Shareholders	Individual	(18,698)	(17,018)	(2,115)	(1,978)
Other related parties	Individual	(322)	(578)	(55)	(114)
		(19,020)	(17,596)	(2,170)	(2,092)

Purchase of sugarcane

The price is established in accordance with the sugarcane payment system adopted by CONSECANA (Conselho dos Produtores de Cana-de-Açúcar, Açúcar e Álcool do Estado de São Paulo).

Loans - Loan agreements - Shareholders and other related parties

Balances with shareholders and other related parties refer to loan agreements and are restated on a monthly basis by an interest rate of 1% per month, with indefinite maturity date.

13 Recoverable taxes

	2017	**2016**
ICMS	201	43
ICMS on Property, plant and equipment	4,654	2,811
IRRF (Withholding income tax)	1,243	849
Cofins	24,514	10,394
Pis	6,659	3,130
Other	6,142	5,310
	43,413	22,537
Current assets	(38,741)	(18,992)
Non-current assets	4,672	3,545

14 Current and deferred tax assets and liabilities

The Company recognized deferred asset and liability income and social contribution taxes and tax credits and debits on the following base values:

	Balance at March 31, 2015	Recognized in income (loss)	(Adjustment in shareholders' equity)	Balance at March 31, 2016	Recognized in income (loss)	(Adjustment in shareholders' equity)	Balance at March 31, 2017
Current assets							
IRPJ and CSLL recoverable	436			539			6,040
Non-current assets							
Derivative financial instruments	4,877	589	(2,474)	2,992	(2,035)	382	1,339
Provision for contingencies and sub judice taxes	5,661	1,305	-	6,966	(173)	-	6,793
Unrealized foreign exchange variation	8,636	488	-	9,124	(2,800)	-	6,324
Hedge accounting	45,641	1	1,506	47,148	-	(24,534)	223,614
Income tax losses	25,824	10,090	-	35,914	(5,963)	-	29,951
Negative basis for social contribution tax	9,291	3,632	-	12,923	(2,146)	-	10,777
	99,930	16,106	(968)	115,067	(13,117)	(24,152)	77,798
Non-current liabilities							
Derivative financial instruments	(51)	(8780	-	(929)	(3)	(3,134)	(4,066)
Transaction cost	(474)	(984)	-	(1,458)	306	-	(1,152)
Investment property	-	-	-	-	-	(420)	(420)
Property, plant and equipment – Revaluation	(4,098)	482	-	(3,616)	491	-	(3,125)
Property, plant and equipment — Deemed cost	(4,769)	1,239	-	(3,530)	1,904	-	(1,659)
Property, plant and equipment - Economic depreciation	(34,947)	(3,368)	-	(38,314)	(2,351)	-	(40,665)
Biological assets	(4,082)	(3,366)	-	(7,448)	(1,430)	-	(8,878)
	(48,421)	(6,875)	-	(55,295)	(1,083)	(3,554)	(59,965)
Net	51,509	9,231	(968)	59,772	(14,199)	(27,706)	17,833

33

The expected recoverability of the tax credits is based on the projection of future taxable income taking into consideration various business and financial assumptions at year end. These estimates may differ from the actual taxable income in the future due to the inherent uncertainties in these estimates.

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

	2017	**2016 (Restated)**
Income (loss) before income and social contribution taxes	36,766	(31,727)
Combined tax rate	34%	34%
Income and social contribution taxes at the combined statutory rates	(12,500)	10,787
Permanent differences - additions (exclusions):		
Permanent (additions) / exclusions	(1,699)	(1,556)
Income and social contribution tax expenses	(14,199)	9,231
Effective tax rate	39%	29%

15 Judicial deposits

	2017	**2016**
Appeal-related deposits – Civil	116	110
Appeal-related deposits - Labor	2,555	2,775
INSS - Judicial deposit	14,063	14,063
Judicial Deposit - Service Ticket	648	631
	17,382	17,579

16 Property, plant and equipment

a. Changes in cost

	Balance at 2015 (Restated)	2016 Additions	2016 Write-offs	2016 Transfers	Balance at 2016 (Restated)	2017 Additions	2017 Write-offs	2017 Transfers	2017 Reclassification	Balance at 03/31/2017
Land	1,196	-	-	-	1,196	-	-	-	-	1,196
Buildings and improvements	27,189	-	-	569	27,758	1,233	(4,475)	-	(1,632)	22,884
Furniture and fixtures	4,497	-	(10)	850	5,337	-	(142)	195	-	5,390
Vehicles and road implements	62,050	-	(1,467)	2,221	62,804	-	(2,421)	9,566	-	69,949
Agricultural machinery and inputs	110,177	-	(6,704)	6,329	109,802	-	(14,017)	15,763	-	111,548
Machinery, equipment and facilities	245,118	-	(501)	7,826	252,443	-	(2,762)	-	-	249,681
Computers and peripherals	2,505	-	-	209	2,714	-	(102)	196	-	2,808
Leasehold improvements	1,234	-	-	361	1,595	-	-	71	-	1,666
Works in progress	18,780	13,177	(235)	(17,771)	13,951	48,914	(2,903)	(25,800)	-	34,162
Advances to suppliers	47	1,246	-	(665)	628	5,200	-	-	-	5,828
Fixed assets - off season	32,145	30,152	(36,623)	-	25,674	35,243	(28,242)	-	-	32,675
Other	195	30	-	-	225	-	-	-	-	225
Sugarcane planting	457,022	48,855	-	-	505,877	52,694	-	-	-	558,571
Assets under free lease	333	684	(460)	-	557	424	(820)	-	-	161
	962,488	94,144	(46,000)	(71)	1,010,561	143,708	(55,884)	(9)	(1,632)	1,096,744

b. Changes in depreciation

	Balance at 2015 (Restated)	2016 Additions	2016 Write-offs	2016 Transfers	Balance at 2016 (Restated)	2017 Additions	2017 Write-offs	2017 Transfers	Balance at 03/31/2017
Buildings and improvements	(4,512)	(578)	-	-	(5,090)	(607)	1,342	-	(4,355)
Furniture and fixtures	(1,456)	(492)	30	-	(1,918)	(469)	195	-	(2,192)
Vehicles and road implements	(26,841)	(5,439)	623	-	(31,657)	(4,058)	698	-	(35,017)
Agricultural machinery and inputs	(42,217)	(9,636)	3,049	-	(48,804)	(8,970)	9,912	-	(47,862)
Machinery, equipment and facilities	(100,533)	(13,016)	167	-	(113,382)	(9,821)	11,436	-	(111,767)
Computers and peripherals	(1,537)	(177)	-	-	(1,714)	(188)	375	-	(1,527)
Sugarcane planting	(282,435)	(44,586)	-	-	(327,021)	(41,423)	-	-	(368,344)
Leasehold improvements	(188)	(23)	-	-	(211)	(41)	42	-	(210)
	(459,719)	(73,947)	3,869	-	(529,797)	(65,477)	24,000	-	(571,274)
Net book value	**502,769**				**480,764**				**525,470**

Guarantee

As of On March 31, 2017, a substantial portion of the assets are guaranteeing financing transactions obtained from financial institutions.

Impairment test for cash generating units

During the years ended March 31, 2017 and 2016, the Company did not verify the existence of indicators that certain assets of this item may be above their recoverable value.

17 Suppliers

	2017	2016
Sundry suppliers	59,759	38,896
Sugarcane suppliers	46,674	44,094
Sugarcane suppliers – Related parties (Note 12)	11,475	5,957
	117,908	88,947
Current liabilities	(114,401)	(87,787)
Non-current liabilities	3,507	1,160

The balance payable to suppliers derived from the purchases of sugarcane, established in accordance with the sugarcane payment system adopted by CONSECANA (Conselho dos Produtores de Cana-de-açúcar, Açúcar e Álcool do Estado de São Paulo).

The Company’s exposure to currency and liquidity risks, related to trade accounts payable, is disclosed in Note 29.

18 Loans and financing

This note discloses contract information on the Company's loans and financing. Note 29 discloses additional information on the Company's exposure to interest rate and currency risks.

	2017	2016
Domestic currency:		
FINAME – Pre-fixed interest from 1.35% to 11.50% p.a. plus TJLP variation	34,489	36,003
Lease – Average pre-fixed interest rate from 1.50% per month to 3.20% per annum plus CDI rate (Note 19)	164	894
Direct consumer credit - Pre-fixed interest from 2.5% to 8.5% p.a. plus CDI variation	469	194
Export Credit Note - pre-fixed interest rate from 4.50% to 7.00% per annum plus CDI variation	213,839	182,618
Foreign currency:		
Advance on exchange contracts - interest from 4.50% to 8.70% p.a. plus foreign exchange rate	44,492	14,453
Export pre-payment - Interest from 1.47% to 8.50% p.a. plus foreign exchange rate	238,211	346,327
	531,664	580,489
Installments to amortize in the short term classified in current liabilities	236,562	193,717
Non-current liabilities	295,102	386,772

As of March 31, 2017, the portions of current liabilities classified in non-current liabilities have the following payment schedule:

Year of maturity	**2017**
April 1, 2017–March 31, 2018	236,562
April 1, 2018–March 31, 2019	177,231
April 1, 2019–March 31, 2020	60,909
April 1, 2020–March 31, 2021	41,662
April 1, 2021–March 31, 2022	7,467
April 1, 2022–March 31, 2024	7,833
	531,664

In May 2017, the Company renegotiated its short and long-term financial transactions, as mentioned in note 33, adjusting its future maturities according to the following schedule:

Year of maturity	**2017**
April 1, 2017–March 31, 2018	116,791
April 1, 2018–March 31, 2019	98,689
April 1, 2019–March 31, 2020	103,767
April 1, 2020–March 31, 2021	99,139
April 1, 2021–March 31, 2022	113,278
	531,664

Provision of guarantees, sureties and guarantees

The Company offered the following guarantees to above mentioned loans and financing:

Type of funding	**Guarantees**
Finame	Chattel mortgage of financed assets
Leases	Chattel mortgage of financed assets
NCE – Export credit note	Commercial pledge, Rural Pledge (Lands) Guarantee of shares
PPE – Export pre-payment	Agricultural Pledge (Sugarcane), Rural Pledge (Lands), Promissory note, Export contracts
ACC - Advance on exchange contract	Surety of Promissory Note

The Company has a contractual obligation to maintain financial indicators due to the closing of the corporate year, in addition to non-financial covenants. As of March 31, 2017, as a result of the renegotiation mentioned in note 33, the financial indicators provided for were changed and will be valid as of the financial statements for the year ending March 31, 2018, and the Company obtained the suspension of its measurement for March 31, 2017. The Group has been complying with the non-financial covenants and, thus, no adjustments were required to the financial statements.

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19 Leases

The Company has a financial lease contract recorded in its assets. The contracts are effective for up to two and five years, containing purchase option clauses after this date.

Assets from financial lease transactions are recorded in Company's fixed assets.

The Company has financial lease agreements for 26 assets as vehicles, 3 assets as agricultural machinery and equipment and 4 assets as data processing equipment. The contracts are effective between two and five years, containing renewal option, purchase option and readjustment clauses after this date.

Assets listed below are included in Company's fixed and intangible assets.

Net book value from depreciation of assets obtained through financial leasing agreements:

	2017	**2016**
Agricultural machinery and equipment	590	825
Vehicles	1,111	1,751
Data processing equipment	152	181
	1,853	2,757

During the period ended March 31, 2017, the Company recognized as expense in the income (loss) referring to a financial lease the amounts of R$ 77 (R$ 212 in March 2016) relating interest expenses and R$ 656 (R$ 586 in March 2016) relating to depreciation expense. The minimum future payments are segregated as follows:

	2017		**2016**	
	Present value of minimum payments	**Minimum future payments**	**Present value of minimum payments**	**Minimum future payments**
In years:				
Up to 1	130	130	870	870
2–3	30	30	272	272
	160	160	1,141	1,141

20 Taxes and contributions payable

	2017	2016
Installment payment – Law No. 11.941/09	13,755	15,451
IRRF (Withholding income tax)	406	190
Current ICMS	694	1,473
ICMS - Installment Payment	10,998	8,103
INSS - Funrural	1,200	1,210
Other	1,411	1,602
Total	28,464	28,029
Current liabilities	(16,092)	(12,744)
Non-current liabilities	12,372	15,285

Installment payment of taxes – Law No. 11.941/09

In November 2009, the Company chose to pay in installments its debts from social security contributions and federal taxes due until November 30, 2008, through the acceptance of REFIS IV Program set forth by Law No. 11.941 dated May 27, 2009, which was consolidated in June 2011 by the Federal Revenue Service ("RFB") and the Office of the General Counsel to the Federal Treasury ("PGFN").

Under the applicable legislation, the Company is required to comply with the monthly payments of the installments under such program, as this is an essential condition to the maintenance. Failure to comply with this obligation shall result in the exclusion and cancellation of benefits granted and also the immediate requirement of debts overdue and due, in its original amount, impacted by legal charges to the date of exclusion. The Company has been making timely payments provided for in this installment program.

21 Provision for contingencies

Based on the opinion of its legal advisors, the Company set up a provision for contingencies for labor and civil lawsuits, in an amount considered sufficient to cover probable losses that may arise from the unfavorable outcome of ongoing tax proceedings, as follows:

	2017	2016
Labor	5,888	6,402
Social Security – INSS	14,063	14,063
Civil	28	24
Total	19,979	20,489

Changes in provisions for contingencies in the year ended March 31, 2017 are as follows:

	Closing balance at 03/31/2016	Additions	Write-offs	Closing balance at 03/31/2017
Labor	6,402	1,643	2,157	5,888
Social Security – INSS	14,063	-	-	14,063
Civil	24	4	-	28
	20,489	1,647	2,157	19,979

Unrecorded contingent liabilities

The Company is party to other lawsuits in which the Management, supported by the opinion of its legal advisors, believes that the chances of loss are possible, therefore, they have not been purpose of provision for contingencies. The claims relating to possible losses on March 31, 2017 were represented by tax lawsuits in the amount of R$ 14,744 (R$ 7,146 as of March 31, 2016).

22 Shareholders' equity

a. Capital

The capital totals R$ 96,592 is represented by 62,217,000 nominative common shares, with no par value (same as on March 31, 2016).

b. Reserves

- **Legal reserve -** In compliance with article 193 of Law 6404/76, the reserve was recorded at the rate of 5% of the net income for the fiscal year, up to the limit of 20% of the capital and after the offsetting of accumulated losses.

- **Revaluation reserve -** Resulting from own assets, the deferred income and social contribution taxes of which are classified in non-current liabilities. The revaluation reserve has been realized in proportion to the depreciation, disposal or write-off of revalued assets, in counter entry to retained earnings, according to the accounting practices.

- **Profit retention reserve -** Recorded based on the remaining balance of income after payment of dividends and formation of legal reserve is intended to be allocated to investments scheduled in capital budget duly approved by the shareholders’ meeting.

c. Equity valuation adjustment - It comprises the effect of adopting fixed assets’ deemed cost due to the application of CPC 27 and ICPC 10 on transition date, less the respective deferred income and social contribution taxes, and is being realized through depreciation, disposal or write-off of assets that originated them, as well as cash flow hedge gains and losses.

d. Shareholder remuneration -The dividends may be distributed through the preparation of interim balance sheets. The shareholders are entitled to a minimum dividend of 25 % on the net income for the year, adjusted in accordance with for Brazilian Corporate Law.

23 Net operating income

The Company's operating income is basically comprised of sugar and ethanol sales to the foreign and domestic market. We present below the reconciliation between gross income for tax purposes and the revenues presented in the statement of income for the year:

	2017	2016
Operating income		
Sugar	314,512	244,765
Ethanol	302,736	248,592
Other income	30,800	28,827
Gross tax income	648,048	522,184
CPC 38 - Hedge Accounting	(22,420)	(48,624)
Income adjusted at Hedge Accounting	625,628	473,560
Less:		
Sales taxes	(53,931)	(40,825)
Refunds and rebates	(59)	(248)
Total accounting income	571,638	432,487

24 Operating expenses by type

The Company presented the income statement using a classification of operating expenses based on their function. The information on the nature of these expenses recognized in the income statement is as follows:

	2017	2016
Operating expenses by type:		
Raw material consumed (sugarcane)	380,442	303,023
Personnel expenses	40,208	39,670
Freights, transshipment and storage	19,344	15,523
Maintenance	7,571	8,043
Depreciation and amortization	6,868	14,883
Marketing expense	240	330
Material transferred/received	356	51
Taxes and rates	(843)	176
Other expenses	35,830	27,676
	490,016	409,375
Reconciliation with operating expenses classified per function:		
Cost of products sold	442,019	362,705
Sales expenses	21,212	17,403
Administrative and general expenses	26,785	29,267
	490,016	409,375

25 Other net operating (expenses) income

	2017	2016
Profit sharing	(82)	(3,990)
Taxes and rates on other operations (*)	22,608	2,048
Claim recoveries	70	221
Income (loss) from sale/written-off of assets	(6,153)	(3,581)
Provision for contingencies	279	(6,698)
Other net operating (expenses) income	105	4,472
	16,827	(7,528)

(*) The amount highlighted in this account in 2017 refers to the recovery of ICMS, PIS and COFINS tax credits according to a report issued by a specialized tax consulting firm.

26 Financial income

	2017	2016
Income from financial operations	1,960	1,084
Interest from restatement - tax credit and contingencies	179	571
Derivative financial instruments (note 29)	1,696	-
Interest from other operations and financial discounts	664	2,516
	4,498	4,171

27 Financial expenses

	2017	2016
Derivative financial instruments (note 29)	-	(2,976)
Interest recognized on financing	(54,171)	(51,439)
Interest - current account	(6,979)	(3,153)
Tax interest – installment and contingencies	(2,537)	(2,886)
Discounts granted	(78)	(9)
Interest from other operations	(3,888)	(3,355)
	(67,653)	(63,818)

28 Net foreign exchange rate

	2017	2016
Asset foreign exchange fluctuation	9,625	24,724
Liability foreign exchange fluctuations	(12,363)	(29,893)
Net foreign exchange rate	(2,738)	(5,169)

29 Financial instruments

a. Accounting classification and fair values

Statement of financial instruments and their respective category classification
The main financial instruments normally used by the Company and jointly-controlled operations are presented and classified as follows:

2017	**Note**	**Book value**				**Fair value**		
		Fair value through profit or loss (Trading)	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets								
Cash and banks	**7**	-	513	-	513	-	-	-
Interest earning bank deposits	**7**	29,595	-	-	29,595	-	29,595	-
Trade accounts receivable	**8**	-	3,944	-	3,944	-	-	-
Other credits		-	9,577	-	9,577	-	-	-
Derivative financial instruments	**29**	11,952	-	-	11,952	-	11,952	-
Total		**41,547**	**14,034**	**-**	**55,580**	**-**	**41,547**	**-**
Liabilities								
Suppliers and other accounts payable		-	-	119,777	119,777	-	-	-
Loans and financing	**18**	-	-	531,664	531,664	-	531,664	-
Advances from clients		-	-	3,979	3,979	-	-	-
Related parties	**12**	-	-	19,020	19,020	-	-	-
Derivative financial instruments	**29**	3,938	-	-	3,938	-	3,938	-
Total		**3,938**	**-**	**674,440**	**678,378**	**-**	**535,602**	**-**

2016	**Note**	**Book value**				**Fair value**		
		Fair value through profit or loss (Trading)	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets								
Cash and banks	**7**	-	5,737	-	5,737			
Interest earning bank deposits	**7**	18,420	-	-	18,420	-	18,420	-
Trade accounts receivable	**8**	-	5,345	-	5,345	-	-	-
Other credits		-	10,292	-	10,292	-	-	-
Derivative financial instruments	**29**	2,733	-	-	2,733	-	2,733	-
Total		**21,153**	**21,374**	**-**	**42,528**	**-**	**21,153**	**-**
Liabilities								
Suppliers and other accounts payable		-	-	89,678	89,678	-	-	-
Loans and financing	**18**	-	-	580,489	580,489	-	580,489	-
Advances from clients		-	-	3,337	3,337	-	-	-
Related parties	**12**	-	-	17,596	17,596	-	-	-
Derivative financial instruments	**29**	8,799	-	-	8,799	-	8,799	-
Total		**8,799**	**-**	**691,100**	**699,899**	**-**	**589,288**	**-**

b. Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, additional information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents

The book values found in the balance sheet are close to the fair values due to the short-term maturity of these instruments.

Derivative financial instruments

The fair value of forward contracts and cash flow swaps is based on brokers' quotations. These quotations are tested for reasonability through estimated future cash flows discount based on contract conditions and expiration and using market interest rates of a similar instrument on measurement date. Fair values reflect the instrument credit risk and include adjustments to consider the credit risk of the Company and the counterpart, if applicable.

Loans and financing

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

c. Financial risk management

Overview

The main risks to which the Company is exposed are covered in the current monitoring and management model. Risks such as the operating risk, demand behavior, competition and any significant changes in follow-up are managed by a risk management model.

The economic and financial risks mainly reflect the behavior of macroeconomic variables such as sugar and ethanol prices, exchange and interest rates as well as the characteristics of the financial instruments that the Company uses. These risks are managed by means of monitoring by Top Management that actively participates in the Company's operational management.

It is the practice of the Company to manage its existing risks on a conservative basis, and the main purposes of this practice is to preserve the value and liquidity of financial assets and to guarantee financial resources for the good progress of business. The main financial risks considered by Top Management are:

- Credit risk;
- Liquidity risk;
- Market risk;
- Operating risk; and
- Capital risk.

This note contains information on the Company's exposure to each of the abovementioned risks, the objectives, practices and the processes for measuring and managing risk and the capital management. Additional quantitative disclosures are included throughout these financial statements.

Risk management structure

Credit risk

Credit risk is the possibility of a financial loss of the Company if a client or a counterpart of a financial instrument fails to fulfill its contractual obligations arising mainly from trade accounts receivable and investments from sale of sugar and advances to sugarcane suppliers.

The management of the credit risk of the Company in relation to sugar business client is centralized in the relationship with trading companies, whose contractual proposals are evaluated by the Company's management considering their asset and financial condition. For transactions providing advance to sugarcane suppliers, partnership agreements are in place, establishing the supply of the product when ready, and foreseeing the Company's monitoring and handling of the production.

In addition, advances are managed with basis on establishment of percentage limits, which currently Management has established at 20% of estimated production cost.

In general, paths chosen for conducting business are addressed at meetings for decision making, monitoring of results and adaptations of established strategies, as well as maintain operations with prime financial institutions, aiming to maintain the expected results.

Book value of financial assets that represent the maximum credit risk exposure on financial statement date:

	Note	**2017**	**2016**
Assets			
Cash and cash equivalents	**8**	30,108	24,157
Trade accounts receivable	**9**	3,943	5,345
Derivative financial instruments		11,952	2,733
		46,003	**32,235**

For balances presented in group of interest earning bank deposits, 47% of the balance is concentrated in three financial institutions. However, the Company had loans and financing transactions with these institutions whose debt balances on that date were significantly higher than the balances maintained in financial investments.

Impairment losses

On March 31, 2017, Usina had only R$231 as estimated losses on doubtful accounts, referring to receivables. This item is detailed in note 8.

Liquidity risk

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

The Company works by aligning resource generation and availability and managing their income generation provided by sugar sales together with funding from financial institutions at reduced rates and extended periods in order to meet their obligations as agreed-upon. In addition, the Company follows the practice of keeping funds in interbank funds applied in order to ensure short-term liquidity.

We present below the contractual maturities of financial liabilities including payment of estimated interest and assets which are used to manage the liquidity risk.

	2017				
	Book value	**Up to 12 months**	**1–2 years**	**2–5 years**	**>5 years**
Assets					
Cash and cash equivalents	30,108	30,108	-	-	-
Trade accounts receivable	3,943	3,943	-	-	-
Derivative financial instruments	11,952	11,952	-	-	-
Total		**46,003**	**-**	**-**	**-**
Liabilities					
Suppliers and other accounts payable	119,777	116,270	3,507	-	-
Loans and financing (*)	531,664	116,791	98,689	316,184	-
Advances from clients	3,979	3,979	-	-	-
Related parties	19,020	-	-	-	19,020
Derivative financial instruments	3,938	1,874	2,064	-	-
Total		**238,914**	**104,260**	**316,184**	**19,020**

	2016				
	Book value	**Up to 12 months**	**1–2 years**	**2–5 years**	**>5 years**
Assets					
Cash and cash equivalents	24,157	24,157	-	-	-
Trade accounts receivable	5,345	5,345	-	-	-
Derivative financial instruments	2,733	2,733	-	-	-
Total		**32,235**	**-**	**-**	**-**
Liabilities					
Suppliers and other accounts payable	89,678	88,518	1,160	-	-
Loans and financing	580,489	193,717	305,038	80,954	780
Advances from clients	3,337	3,337	-	-	-
Related parties	17,596	-	-	-	17,596
Derivative financial instruments	8,799	3,344	5,455	-	-
Total		**288,916**	**311,653**	**80,954**	**18,376**

(*) The balances of 2017 shown in the first table above consider the new contractual maturities due to the debt rescheduling generated by the renegotiation performed by Usina Santa Fé S.A. of its short- and long-term financial transactions, as explained in note 33, changing its future maturities.

No cash flow expected, included in the analysis of the maturation of the Company, may occur significantly sooner or in amounts significantly different.

That scenario does not consider export agreements entered into for the next crops, and thus does not reflect the effective cash flow for the next periods.

Market risk

It results from the possibility of market oscillation of the market price, such as exchange rates, interest rates and price of products marketed or produced by the Company and of other input used in the production process.

The Company follows the practice of minimizing the market risk by entering into partnership agreements with producers to guarantee production and establishing agreements with trading company for future sales of the products. The main purpose of those decisions is to ensure better market prices.

Foreign exchange risk

Results from the possibility of oscillations of the foreign exchange rates of foreign currencies of sugar exports and funding used by the Company in the import and funding. The Company permanently assesses the contracting of hedge operations to mitigate these risks. During the year, the Company used derivative financial instruments to hedge against its exposures. The Company's management of its exposure to exchange risk consists of analyzing the natural hedge between the export agreements generating receivables in foreign currencies and its foreign currency obligations, so that, upon determining the net exposure, a strategic assessment can be made of the need to contract a hedging instrument.

Foreign currency net exposure related to principal amounts is presented in the chart below (notional in R$):

	2017			2016		
	Ptax	R$	USD	Ptax	R$	USD
Loans and financing	3.1684	282,703	89,226	3.5583	360,780	101,391
Derivative instruments (Notional)		(68,643)	(15,888)		54,998	19,993
Net exposure		**214,060**	**73,338**		**415,778**	**121,384**

Sensitivity analysis

The Company employs derivative financial instruments only to protect identified risks and in amounts compatible to them (limited to 100% of identified risk). Thus, for sensitivity analysis purposes for market risks originated by financial instruments, the Company jointly analyzes the hedging instrument and the hedged item, as shown in the tables below.

For the sensitivity analysis of foreign exchange hedging instruments, management adopted as the likely scenario the amounts recorded. As reference, other scenarios considered deterioration and appreciation of currency on foreign exchange rate used to calculate amounts presented in accounting books. Scenarios were estimated as an appreciation and devaluation of 25% and 50%, respectively, of the Reais in the likely scenario.

Based on hedge instrument balances and hedged item balances on March 31, 2017, foreign exchange rates and other indices, when applicable, were replaced, and the variation between the new balance in Brazilian Reais and the balance in Brazilian Reais on March 31, 2017 was calculated for each of the scenarios.

The following table shows the possible impacts on income for each of the presented scenarios, and it should be considered that export agreements for the coming crops are not included in the analysis provided below:

Scenarios		**Rise**		**Write-off**	
	Probable	**25%**	**50%**	**25%**	**50%**
Financial instruments					
Loans and financing	282,703	353,379	424,055	212,027	141,352
Financial instruments - NDF	(11,952)	(14,940)	(17,928)	(8,964)	(5,976)
Effects on income (loss)	-	(73,664)	(147,328)	73,664	147,328

Interest rate risk

Results from the possibility of the Company suffering gains or losses arising from oscillations of interest rates levied on their financial assets and liabilities. Aiming to mitigate this type of risk, the Company seeks to diversify borrowings in terms of prefixed or post-fixed rates, and swaps, as well as rural subsidies, when they are made available.

Variable interest rate net exposure is presented in the chart below.

	Note	2017	2016
Assets			
Cash and cash equivalents	**8**	30,108	24,157
Loans and financing	**18**	(531,664)	(580,489)
		(501,556)	**(556,332)**

The Company makes use of derivative financial instruments solely to hedge itself against Libor rate fluctuations, since the Plant had foreign funding indexed to the Libor rate. In general, Management understands that any change in interest rates would not represent a significant impact on Company's result, as this is not the main risk.

In the following tables, three scenarios are considered, with the likely scenario being that adopted by the Company. The probable scenario considered the market levels prevailing on the balance sheet closing date.

For Scenario I we consider a 25% increase in interest rates and for Scenario II we consider a 50% increase.

Sensitivity analysis on interest rate exposure

	Balance - R$	Scenario (period of 1 year)		
Interest rates		**Probable**	**Scenario I**	**Scenario II**
			25%	50%
CDI rate on 03/31/2017		12.13%	15.16%	22.74%
Cash and cash equivalents	30,108	3,652	4,565	6,848
Loans and financing	531,664	(64,491)	(80,614)	(120,920)
Effect in income (loss)			(17,036)	(59,625)

Operating risk

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

The Company's aim is to manage the operating risk conservatively, by always seeking to use the best market opportunities and maximize financial income, thus contributing to avoid the compromising of the actions applied for the other risks mentioned in this note.

Capital structure risk

Results from the choice between own capital (capital contributions and profit retention) and third-party capital that the Company makes to finance its operations. To mitigate the liquidity risks and the optimization of the weighted average cost of capital, the Company permanently monitors the indebtedness levels according to market standards.

Financial instruments designated to hedge accounting

As a market risk management procedure, Usina Santa Fé manages its exposures to foreign currencies by entering into derivative and non-derivative financial instruments linked to the US dollar, considering the sale forecast included in the Company's official budget.

As from April 2013, the Company formally designated for cash flow hedge accounting the debt instruments and derivatives to cover its future income from exports, which are highly probable, with a view to hedging against the volatility in its income from exports due to unfavorable foreign exchange rate conditions.

The hedge accounting structure consists of hedging a forecast export transaction in foreign currency, classified as highly probable, against the risk of fluctuations in the USD/BRL exchange rates, using as hedging instruments non-derivative financial instruments as foreign currency debts (US Dollar), and derivatives, such as Non-Deliverable Forwards, at amounts and with maturities equivalent to the sales budget.

Transactions the Company assigned as hedge accounting are highly probable, present cash flow variation exposure that could affect income and losses and are highly effective in achieving exchange rate changes or cash flow attributable to covered risk.

Hedging instruments designated for Hedge Accounting and estimated periods of cash flow from exports

HEDGED ITEM		HEDGE INSTRUMENT:			
		US$	US$	US$	US$
Date expected	Budget in US$ (Hedged item)	ACC	NDF	Total Instruments	Rollover
Apr 2017	1,501,582	1,077,582	424,000	1,501,582	-
May 2017	1,672,940	1,340,940	332,000	1,672,940	-
Jun 2017	5,974,978	8,949,978	(2,975,000)	5,974,978	-
Jul 2017	7,382,083	437,559	5,596,000	7,382,083	1,348,524
Aug 2017	12,015,674	9,992,893	1,869,000	12,015,674	153,781
Sep 2017	12,785,015	4,837,110	2,181,000	12,785,015	5,766,905
Oct 2017	11,072,497	7,887,707	10,454,000	11,072,497	(7,269,210)
Nov 2017	6,000,467	11,870,101	(478,000)	6,000,467	(5,391,634)
Dec 2017	5,809,343	67,975	500,000	5,809,343	5,241,368
Jan 2018	7,403,697	4,421,431	2,832,000	7,403,697	150,266
Feb 2018	570,240	70,240	500,000	570,240	-
Mar 2018	563,443	63,443	500,000	563,443	-
Apr 2018	503,499	503,499	-	503,499	-
May 2018	709,558	709,558	-	709,558	-
Jun 2018	124,972	124,972	-	124,972	-
Jul 2018	293,221	293,221	-	293,221	-
Aug 2018	9,924,159	9,924,159	-	9,924,159	-
Sep 2018	2,771,349	869,108	-	2,771,349	1,902,241
Oct 2018	11,099,837	5,231,872	-	11,099,837	5,867,965
Nov 2018	5,986,767	13,756,973	-	5,986,767	(7,770,206)
Dec 2018	4,066,842	4,066,842	-	4,066,842	-
Jan 2019	98,446	98,446	-	98,446	-
Feb 2019	-	-	-	-	-
Mar 2019	-	-	-	-	-
Apr 2019	247,576	247,576	-	247,576	-
May 2019	30,266	30,266	-	30,266	-
Jun 2019	31,275	31,275	-	31,275	-
Jul 2019	128,712	128,712	-	128,712	-
Aug 2019	781,275	781,275	-	781,275	-
Sep 2019	775,411	775,411	-	775,411	-
Oct 2019	5,067,363	5,067,363	-	5,067,363	-
Nov 2019	763,683	763,683	-	763,683	-
Dec 2019	-	-	-	-	-
Jan 2020	24,612	24,612	-	24,612	-
Feb 2020	-	-	-	-	-
Mar 2020	-	-	-	-	-
Apr 2020	62,414	62,414	-	62,414	-
May 2020	7,567	7,567	-	7,567	-
Jun 2020	7,819	7,819	-	7,819	-
Jul 2020	32,178	32,178	-	32,178	-
Aug 2020	2,415,844	2,415,844	-	2,415,844	-

Usina Santa Fé will run hedging instruments for periods equivalent to the expected exports. Thus, the Company will adjust the amount of instruments x hedging ones in order to adjust the hedging relation in the coming years.

Gains and losses on financial instruments designed for hedge accounting

The breakdown of realized and unrealized gains and losses recognized in the operating income and in shareholders' equity for the period, respectively of financial instruments designated as hedge instruments is as follows.

Accounting effect - Hedge instrument **Operation**	**Unrealized**	**Realized**
Non-derivatives (Foreign exchange variation)	71,738	(34,550)
Derivatives (Fair value)	8,094	12,130
Total net deferred taxes	52,546	(14,797)

Reconciliation of the net effects of the fair value of operations with the financial position

The fair value of derivative financial instruments, either asset or liability, is recognized in the balance sheet of the Company.

Below is the reconciliation of the net effects of fair value recorded in the balance sheet:

a. *Balances in balance sheet*

	2017	**2016**
Derivative financial instruments (assets)	11,952	2,733
Derivative financial instruments (liabilities)	(3,938)	(8,799)

b. *Balances per type of operation*

	2017	**2016**
NDF of currencies (asset)	11,591	2,733
Commodity options (active)	361	-
Total (assets)	11,952	2,733
Swap operations (liabilities)	(2,813)	(8,799)
NDF of currencies (liability)	(1,125)	-
Total (liabilities)	(3,938)	(8,799)

As a market risk management procedure, the Company manages its exposures to foreign currencies by entering into derivative and non-derivative financial instruments linked to the US dollar, considering the sale forecast included in the official budget of the Company. In regard to currency options that represent NDF (Non-Deliverable Forward), contracted in relation to foreign currency future sale, as shown below:

Asset balances

Maturity	Type of operation	Notional value (In thousands of USD)	Notional value	Future rate	MTM rate	Fair value
06/13/2017	Purchase	1,000	3,135	3.14	3.1820	45
06/13/2017	Purchase	1,500	4,721	3.15	3.1820	50
06/13/2017	Purchase	2,500	7,379	3.15	3.1820	73
06/13/2017	Purchase	201	630	3.13	3.1820	10
06/13/2017	Purchase	2,000	6,305	3.15	3.1820	57
06/13/2017	Purchase	1,000	3,130	3.13	3.1820	50
03/29/2013	Sale	(500)	(1,807)	3.61	3.3523	119
02/25/2013	Sale	(500)	(1,796)	3.59	3.3366	118
01/31/2013	Sale	(500)	(1,733)	3.58	3.3211	118
12/29/2017	Sale	(500)	(1,778)	3.56	3.3027	118
10/31/2017	Sale	(571)	(1,996)	3.50	3.2720	121
11/30/2017	Sale	(2,000)	(7,100)	3.55	3.2877	494
10/31/2017	Sale	(2,000)	(7,051)	3.53	3.2720	431
03/31/2017	Sale	(500)	(1,655)	3.31	3.2367	36
09/29/2017	Sale	(500)	(1,662)	3.32	3.2536	34
07/31/2017	Sale	(2,400)	(3,232)	3.43	3.2140	502
10/31/2017	Sale	(2,000)	(6,969)	3.43	3.2720	404
10/31/2017	Sale	(2,000)	(7,118)	3.56	3.2720	545
10/31/2017	Sale	(1,200)	(4,505)	3.75	3.2720	543
10/31/2017	Sale	(1,500)	(5,570)	3.71	3.2720	628
03/31/2017	Sale	(500)	(1,650)	3.30	3.2367	31
09/29/2017	Sale	(500)	(1,653)	3.32	3.2536	30
03/31/2017	Sale	(1,000)	(3,276)	3.28	3.2367	38
09/29/2017	Sale	(1,000)	(3,294)	3.29	3.2536	39
10/31/2017	Sale	(500)	(1,777)	3.55	3.2720	134
11/30/2017	Sale	(500)	(1,736)	3.57	3.2577	134
06/30/2017	Sale	(1,000)	(3,432)	3.43	3.1939	282
06/30/2017	Sale	(1,000)	(3,504)	3.50	3.1939	303
06/30/2017	Sale	(1,000)	(3,495)	3.50	3.1939	295
06/30/2017	Sale	(800)	(2,800)	3.50	3.1939	240
11/30/2017	Sale	(500)	(1,797)	3.59	3.2877	144
10/31/2017	Sale	(500)	(1,738)	3.53	3.2720	144
12/29/2017	Sale	(500)	(1,836)	3.67	3.3027	172
04/25/2017	Sale	(500)	(1,752)	3.50	3.1506	174
07/31/2017	Sale	(500)	(1,732)	3.56	3.2140	169
05/31/2017	Sale	(500)	(1,763)	3.53	3.1724	174
12/29/2017	Sale	(2,000)	(7,143)	3.57	3.3027	507
01/31/2013	Sale	(2,000)	(7,192)	3.60	3.3211	510
04/28/2017	Sale	(500)	(1,742)	3.43	3.1506	165
07/31/2017	Sale	(1,000)	(3,556)	3.56	3.2140	332
05/31/2017	Sale	(500)	(1,756)	3.51	3.1724	167
10/31/2017	Sale	(500)	(1,813)	3.63	3.2720	167
11/30/2017	Sale	(500)	(1,823)	3.65	3.2877	168
12/29/2017	Sale	(500)	(1,854)	3.71	3.3027	139
05/31/2017	Sale	(500)	(1,773)	3.56	3.1724	139
07/31/2017	Sale	(500)	(1,806)	3.61	3.2140	193
12/29/2017	Sale	(500)	(1,856)	3.71	3.3027	191
11/30/2017	Sale	(500)	(1,850)	3.70	3.2877	194
01/31/2013	Sale	(500)	(1,825)	3.65	3.3211	153
12/29/2017	Sale	(500)	(1,818)	3.64	3.3027	155
07/31/2017	Sale	(500)	(1,764)	3.53	3.2140	152
07/30/2017	Sale	(500)	(1,752)	3.50	3.1939	152
06/30/2017	Sale	(1,000)	(3,660)	3.66	3.1939	456
07/31/2017	Sale	(1,000)	(3,630)	3.63	3.2140	451
03/31/2017	Sale	(500)	(1,643)	3.29	3.2367	24
09/29/2017	Sale	(500)	(1,649)	3.30	3.2536	22
		(33,770)	**(122,627)**			**11,591**

Liability balances

Maturity	Type of operation	Notional value (In thousands of USD)	Notional value (R$)	Future rate	MTM rate	Fair value
01/30/2013	Purchase	168	577	3.43	3.3206	(18)
10/18/2017	Purchase	25	34	3.36	3.2641	(2)
10/24/2017	Purchase	64	216	3.37	3.2681	(6)
10/31/2017	Purchase	223	769	5.37	3.2720	(22)
11/24/2017	Purchase	60	203	3.39	3.2338	(6)
11/29/2017	Purchase	413	1,413	3.39	3.2869	(41)
11/30/2017	Purchase	4,000	13,404	3.35	3.2377	(241)
12/29/2017	Purchase	1,000	3,361	3.36	3.3027	(55)
12/29/2017	Purchase	1,000	3,349	3.35	3.3027	(44)
12/29/2017	Purchase	1,000	3,323	3.33	3.3027	(23)
09/22/2017	Purchase	70	240	3.42	3.2491	(12)
07/24/2017	Purchase	71	240	3,338	3.2103	(12)
07/28/2017	Purchase	233	788	3.38	3.2131	(38)
03/24/2017	Purchase	74	252	3.40	3.2311	(12)
03/29/2017	Purchase	557	1,397	3.41	3.2348	(92)
09/19/2017	Purchase	249	852	3.42	3.2475	(41)
06/24/2017	Purchase	74	243	3.28	3.1894	(7)
04/24/2017	Purchase	360	1,200	3.39	3.1537	(84)
04/27/2017	Purchase	216	734	3.40	3.1516	(29)
05/24/2017	Purchase	71	242	3.41	3.1669	(17)
05/29/2017	Purchase	1,097	3,751	3.42	3.1706	(269)
12/29/2017	Purchase	1,000	3,360	3.36	3.3027	(54)
		12,035	**40,526**			**(1,125)**

Valuation of swaps

Notional value (R$)	Notional value (In thousands of USD)	START DATE	MATURITY DATE	Index - Asset	Index - Liability	Fair value
4,294	1,763	07/31/2017	11/01/2017	100% FEX+5.07%	35% of CDI	(61)
5,884	2,608	07/03/2017	10/02/2017	100% FEX + 3.5%	6%	(83)
3,280	1,477	11/14/2017	12/14/2017	100% of CDI + Spread 5.5%	35% of CDI	(2,663)
						(2,813)

The fair value of derivative financial instruments, either asset or liability, is recognized in the balance sheet of the Company.

Income from financial instruments

The tables below summarize the amounts of gains (losses) recorded in March 31, 2017 and 2016 affecting the statement of income:

Income (loss) from operations held for trading	**Income (loss)**	
	2017	**2016**
Variable rate instruments		
Derivative financial instruments		
Gains on derivatives	64,637	130,324
Swap adjustment on financing	(4,290)	(3,835)
Losses with derivatives	(58,651)	(129,465)
Net (Notes 26 and 27)	**1,696**	**(2,976)**

The Company uses, as instruments for exchange hedging, transactions such as dollar swap, Libor swap, dollar and sugar NDFs, and such transactions have been contracted to hedge its exposures in foreign currency and sugar price quotations.

30 Purchase commitments

The Company has several sugarcane purchase commitments with the related company Agropecuária Nova Europa S.A., shareholders and third-parties to ensure a portion of their production for the next harvesting periods. The quantity of sugarcane to be purchased is calculated based on a sugarcane harvest estimate by geographical area. The amount to be paid by the Company will be established at the end of each harvest period, in accordance with the sugarcane payment system adopted by CONSECANA (Conselho dos Produtores de Cana de açúcar, Açúcar e Álcool do Estado de São Paulo).

31 Sales commitments

The Company has an agreement in the sugar market with third parties through which it undertakes to sell volumes of these products until the 2017/2018 crop. The volumes related to the aforementioned commitments are:

Crop	**Volume - tons**
2017/2018	204,413
	204,413

According to item 5 of CPC 38- Financial Instruments, technical pronouncement should be applied to those agreements for the purchase or sale of non-financial item that may be settled with net cash amount or other financial instrument, or through exchanging financial instruments, as if agreements were financial instruments, except for contracts entered into that are still valid for the receipt or deliver of non-financial items, in accordance with purchase, sale or use requirements expected by the entity. This note's information is in CPC 38 item 5 exception.

32 Statements of added value – DVA

The Company is presenting as supplementary information the statements of added value - DVA, according to CPC 09.

Those financial statements, supported by macroeconomic concepts, aim at presenting the Company's share in the formation of GDP by calculating the added value not only by the Company but also that received from other entities, and the distribution of related amounts to its employees, governmental spheres, asset leasers, loans, financing and debt security creditors, controlling and non-controlling shareholders, and other compensations representing the transfer of wealth to third-parties.

Said added value represents the wealth created by the Company, generally measured by the income from the sales of goods and services rendered, less related inputs acquired from third parties and also including the added value produced by third parties and transferred to the Company.

33 Subsequent costs

In May 2017, the Company, with the purpose of seeking a financial balance in current assets to current liabilities ratio, concluded the renegotiation of its operations related to a syndicated transaction that mature in the short and long term with the main creditor banks, in order to guarantee greater financial liquidity for the following crops, whose installments will be settled only in the crop period, with the first installment maturing on July 25, 2018 and the last on December 27, 2022.

Under the terms of item 76 "a" of Technical Accounting Pronouncement CPC 26, the Company considered this transaction as a subsequent event that does not result in adjustments in accordance with Technical Pronouncement CPC 24 – Subsequent Event.

For purposes of assessing liquidity risk in Note 29, the Company already considers this subsequent event, as follows:

Year of maturity	Balance at March 31, 2017	Balance considering the rescheduling
April 1, 2017–March 31, 2018	236,562	116,791
April 1, 2018–March 31, 2019	177,231	98,689
April 1, 2019–March 31, 2020	60,909	103,767
April 1, 2020–March 31, 2021	41,662	99,139
April 1, 2021–March 31, 2022	7,467	113,278
April 1, 2022–March 31, 2024	7,833	-
	531,664	531,664

In this context, if the debt renegotiation had been completed by March 31, 2017, the Company's net working capital would increase from R$ (177,054) to R$ (57,283), the current liquidity ratio would increase from 0.55 to 0.79, and the short-term net debt to total net debt ratio would decrease from 0.44 to 0.22, using the balances presented below:

a) Net working capital (*)

	Without Reprofiling	With reprofiling
Total current assets	217,808	217,808
Total current liabilities	394,862	275,091
Net working capital	(177,054)	(57,283)

b) Current liquidity ratio (*)

	Without Reprofiling	With reprofiling
Total current assets	217,808	217,808
Total current liabilities	394,862	275,091
Current liquidity ratio	0.55	0.79

c) Short-term debt ratio and total debt (*)

	Without Reprofiling	With reprofiling
Short-term debt	236,562	116,791
Total debt	531,664	531,664
Debt ratio	0.44	0.22

(*) Although there is no accounting standard previously defined in the accounting technical pronouncements, management believes that the disclosure of such ratios is relevant since they are part of the financial covenants provided for in the contractual clauses of loans and financing.