Financial Statements

S/A Usina Coruripe Açúcar e Álcool

March 31, 2019
with Independent Auditor’s Report

S/A Usina Coruripe Açúcar e Álcool

Financial statements

March 31, 2019

Contents

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A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers
S/A Usina Coruripe Açúcar e Álcool
Povoado de Camaçari - AL

Opinion

We have audited the individual and consolidated financial statements of S/A Usina Coruripe Açúcar e Álcool ("Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at March 31, 2019, and the statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of the Company as at March 31, 2019, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), 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 audit opinion.

Emphasis of a matter – restatement of corresponding amounts

As described in Note 3, due to correction of errors, the individual and consolidated corresponding amounts referring to prior years presented for comparison purposes, were adjusted and are restated in accordance with Accounting Pronouncements CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26 (R1) - Presentation of Financial Statements. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's and subsidiaries' 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.

- Obtained 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 and its subsidiaries' internal control.

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

- Concluded 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 and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the scope and timing of planned the audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

Recife, June 27, 2019

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Henrique Piereck de Sá
Accountant CRC PE023398/O-3

S/A Usina Coruripe Açúcar e Álcool

Statement of financial position
March 31, 2019
(In thousands of reais)

		Individual			Consolidated		
	Note	03/31/2019	03/31/2018	04/01/2017	03/31/2019	03/31/2018	04/01/2017
Assets			(restated)			(restated)	
Current assets							
Cash and cash equivalents	4	**315,107**	136,808	181,843	**316,304**	136,929	181,843
Short-term investments	5	**-**	109,454	46,656	**-**	109,454	46,656
Trade accounts receivable	6	**95,942**	72,154	90,907	**96,948**	72,154	90,907
Inventories	7	**485,577**	493,478	507,635	**485,864**	493,478	507,635
Biological assets	12	**236,289**	235,485	251,784	**236,289**	235,485	251,784
Taxes recoverable	8	**122,436**	100,194	138,188	**122,491**	100,194	138,188
Transactions with related parties	10	-	11,170	32,286	-	11,170	32,286
Dividends receivable	11	**9,421**	-	-	-	-	-
Derivative financial instruments	25	-	239	12,321	-	239	12,321
Other receivables	9	**37,008**	52,988	77,271	**37,008**	52,988	77,271
Total current assets		**1,301,780**	1,211,970	1,338,891	**1,294,904**	1,212,091	1,338,891
Noncurrent assets							
Long-term receivables							
Financial investments	5	**1,580**	3,074	-	**1,580**	3,074	-
Inventories	7	**65,795**	-	-	**65,795**	-	-
Transactions with related parties	10	**42,747**	72,209	66,619	**42,747**	72,109	66,549
Taxes recoverable	8	**1,665**	930	1,446	**1,740**	930	1,446
Other receivables	9	**2,794,766**	1,973,845	1,888,380	**2,794,766**	1,973,845	1,888,380
Judicial deposits		**1,415**	4,025	5,678	**1,416**	4,025	5,678
Investments	11	**44,557**	18,116	17,314	**19,190**	17,995	17,314
Property, plant and equipment	13	**1,204,184**	1,223,245	1,260,377	**1,215,321**	1,223,245	1,260,377
Intangible assets	14	**593**	565	356	**593**	565	356
Total noncurrent assets		**4,157,302**	3,296,009	3,240,170	**4,143,148**	3,295,788	3,240,100
Total assets		**5,459,082**	4,507,979	4,579,061	**5,438,052**	4,507,879	4,578,991

	Note	Individual			Consolidated		
		03/31/2019	03/31/2018	04/01/2017	03/31/2019	03/31/2018	04/01/2017
Liabilities and equity			(restated)			(restated)	
Current liabilities							
Trade accounts payable		**99,515**	94,818	178,151	**99,743**	94,818	178,151
Loans and financing	15	**905,494**	467,324	336,462	**905,494**	467,324	336,462
Payroll and social charges		**66,621**	66,073	62,780	**66,863**	66,073	62,780
Employees' profit sharing	26	**-**	-	23,790	**-**	-	23,790
Taxes payable	16	**26,816**	45,973	137,791	**29,443**	45,973	137,791
Advances from customers		**72,686**	3,476	6,170	**72,686**	3,476	6,170
Derivative financial instruments	25	**3,785**	497	2,599	**3,785**	497	2,599
Dividends proposed	18	**55,387**	8,100	44,860	**55,387**	8,100	44,860
Other obligations		**4,074**	2,379	3,312	**4,074**	2,419	3,325
Total current liabilities		**1,234,378**	688,640	795,915	**1,237,475**	688,680	795,928
Noncurrent liabilities							
Loans and financing	15	**1,821,951**	1,929,190	2,046,212	**1,821,951**	1,929,190	2,046,212
Taxes payable	16	**95,494**	13,565	18,524	**95,494**	13,565	18,524
Deferred income and social contribution taxes	23	**593,420**	451,087	392,655	**593,420**	451,087	392,655
Provision for investment losses	11	**-**	140	83	**-**	-	-
Transactions with related parties	10	**24,127**	-	-	**-**	-	-
Provision for contingencies	17	**8,756**	5,457	6,091	**8,756**	5,457	6,091
Other obligations		**347,217**	245,745	238,183	**347,217**	245,745	238,183
Total noncurrent liabilities		**2,890,965**	2,645,184	2,701,748	**2,866,838**	2,645,044	2,701,665
Equity	18						
Capital		**408,845**	408,845	408,845	**408,845**	408,845	408,845
Treasury shares		**(1,215)**	(1,215)	(1,215)	**(1,215)**	(1,215)	(1,215)
Revaluation reserve		**2,986**	13,044	23,617	**2,986**	13,044	23,617
Equity adjustment		**105,293**	120,256	135,811	**105,293**	120,256	135,811
Income reserves		**817,830**	633,225	514,340	**817,830**	633,225	514,340
Total equity		**1,333,739**	1,174,155	1,081,398	**1,333,739**	1,174,155	1,081,398
Total liabilities and equity		**5,459,082**	4,507,979	4,579,061	**5,438,052**	4,507,879	4,578,991

See accompanying notes.

S/A Usina Coruripe Açúcar e Álcool

Statement of profit or loss
Year ended March 31, 2019
(In thousands of reais)

		Individual		Consolidated	
	Note	2019	2018	2019	2018
			(restated)		(restated)
Net operating revenue	19	**2,004,107**	2,206,289	**2,004,352**	2,206,289
Cost of sales	20	**(1,601,117)**	(1,686,576)	**(1,601,634)**	(1,686,576)
Gross profit		**402,990**	519,713	**402,718**	519,713
Operating income (expenses)					
Selling expenses	20	**(96,775)**	(110,338)	**(96,775)**	(110,338)
General and administrative expenses	20	**(127,382)**	(128,194)	**(127,394)**	(128,194)
Equity pickup	11	**995**	417	**1,221**	475
Other operating income, net	22	**57,778**	31,544	**57,754**	31,544
		(165,384)	(206,571)	**(165,194)**	(206,513)
Income before finance income (costs)		**237,606**	313,142	**237,524**	313,200
Finance income (costs)					
Finance costs	21	**(1,055,852)**	(499,091)	**(1,055,711)**	(499,091)
Finance income	21	**1,169,375**	260,134	**1,169,381**	260,076
		113,523	(238,957)	**113,670**	(239,015)
Income before income and social contribution taxes		**351,129**	74,185	**351,194**	74,185
Income and social contribution taxes:					
Current	23	**(9,057)**	(24,086)	**(9,122)**	(24,086)
Deferred	23	**(135,201)**	5,898	**(135,201)**	5,898
		(144,258)	(18,188)	**(144,323)**	(18,188)
Net income for the year		**206,871**	55,997	**206,871**	55,997

See accompanying notes.

S/A Usina Coruripe Açúcar e Álcool

Statement of comprehensive income
Year ended March 31, 2019
(In thousands of reais)

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
		(restated)		(restated)
Net income for the year	**206,871**	55,997	**206,871**	55,997
Other comprehensive income	**-**	-		-
Comprehensive income for the year	**206,871**	55,997	**206,871**	55,997

See accompanying notes.

S/A Usina Coruripe Açúcar e Álcool

Statement of changes in equity
Year ended March 31, 2019
(In thousands of reais)

			Capital reserve	Income reserves				
	Capital	Treasury shares	Revaluation reserve	Legal	Retained profits	Equity adjustments	Retained earnings (accumulate losses)	Total
Balances at March 31, 2017 (restated)	408,845	(1,215)	23,617	11,270	503,070	135,811	-	1,081,398
Reversal of mandatory minimum dividends (Note 18.d)	-	-	-	-	44,860	-	-	44,860
Realization of deemed cost (Note 18.b)	-	-	-	-	-	(15,555)	15,555	-
Realization of revaluation reserve (Note 18.c)	-	-	(10,573)	-	-	-	10,573	-
Net income for the year	-	-	-	-	-	-	55,997	55,997
Allocation of income (Note 18.d):								
Set-up of legal reserve	-	-	-	330	-	-	(330)	-
Mandatory minimum dividends	-	-	-	-	-	-	(8,100)	(8,100)
Retained profits	-	-	-	-	73,695	-	(73,695)	-
Balances at March 31, 2018 (restated)	408,845	(1,215)	13,044	11,600	621,625	120,256	-	1,174,155
Reversal of mandatory minimum dividends (Note 18.d)	**-**	**-**	**-**	**-**	**8,100**	**-**	**-**	**8,100**
Realization of deemed cost (Note 18.b)	**-**	**-**	**-**	**-**	**-**	**(14,963)**	**14,963**	**-**
Realization of revaluation reserve (Note 18.c)	**-**	**-**	**(10,058)**	**-**	**-**	**-**	**10,058**	**-**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**206,871**	**206,871**
Allocation of income (Note 18.d):								
Set-up of legal reserve	**-**	**-**	**-**	**10,344**	**-**	**-**	**(10,344)**	**-**
Mandatory minimum dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(55,387)**	**(55,387)**
Retained profits	**-**	**-**	**-**	**-**	**166,161**	**-**	**(166,161)**	**-**
Balances at March 31, 2019	**408,845**	**(1,215)**	**2,986**	**21,944**	**795,886**	**105,293**	**-**	**1,333,739**

See accompanying notes.

S/A Usina Coruripe Açúcar e Álcool

Statement of cash flows
Year ended March 31, 2019
(In thousands of reais)

		Individual		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
			(restated)		(restated)
Operating activities					
Income before income and social contribution taxes		**351,129**	74,185	**351,194**	74,185
Adjustments to reconcile pre-tax income to cash:					
Finance charges and exchange differences, net		**(321,721)**	249,800	**(322,362)**	249,809
Equity pickup	11	**(995)**	(417)	**(1,221)**	(475)
Depreciation and amortization		**250,386**	230,346	**250,664**	230,346
Absorption of harvested sugarcane costs	20	**67,838**	56,436	**67,838**	56,436
Absorption of crop handling costs	20	**174,562**	176,122	**174,562**	176,122
Changes in fair value of biological assets	12	**19,269**	24,530	**19,269**	24,530
Set-up (reversal) of provision for contingencies	17	**3,299**	(634)	**3,299**	(634)
Residual value of permanent assets written off	13	**13,132**	36,595	**13,132**	36,595
Residual value of sugarcane crop written off	12	**11,047**	9,709	**11,047**	9,709
Write-off/disposal of investment	11	**(140)**	-	**-**	-
Set-up of provision for losses on inventories and allowance for doubtful accounts		**1,676**	-	**1,676**	-
		569,482	856,672	**569,098**	856,623
(Increase) decrease in assets					
Trade accounts receivable		**(17,780)**	23,739	**(17,944)**	23,739
Inventories		**(60,181)**	(4,839)	**(60,232)**	(4,839)
Taxes recoverable		**(22,977)**	40,625	**(22,974)**	40,625
Judicial deposits		**2,610**	1,652	**2,610**	1,652
Other receivables		**(9,132)**	(1,874)	**(9,080)**	(1,874)
Increase (decrease) in liabilities					
Trade accounts payable		**4,697**	(83,333)	**4,517**	(83,333)
Payroll and social charges		**548**	3,293	**587**	3,293
Employees' profit sharing		**-**	(23,790)	**-**	(23,790)
Taxes payable		**60,847**	(57,963)	**61,756**	(57,963)
Advances from customers		**69,210**	(2,694)	**69,210**	(2,694)
Other obligations		**103,166**	(933)	**103,153**	(913)
		131,008	(106,117)	**131,603**	(106,097)
Income and social contribution taxes paid		**-**	-	**(783)**	-
Net cash from operating activities		**700,490**	750,555	**699,918**	750,526
Investing activities					
Financial investments		**(2,012,948)**	(2,684,429)	**(2,012,948)**	(2,684,429)
Redemption of financial investments		**2,123,945**	2,627,094	**2,125,931**	2,627,094
Biological assets (treatment and planting)	12	**(162,140)**	(152,361)	**(162,140)**	(152,361)
Acquisition of investment		**-**	(328)	**-**	(207)
Investment in PP&E	13	**(355,762)**	(309,193)	**(356,183)**	(309,193)
Investment in intangible assets	14	**(103)**	34	**(103)**	34
Net cash from acquisition of investment		**-**	-	**365**	-
Net cash used in investing activities		**(407,008)**	(519,183)	**(405,078)**	(519,062)

S/A Usina Coruripe Açúcar e Álcool

Statement of cash flows (Continued)
Year ended March 31, 2019
(In thousands of reais)

		Individual		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
			(restated)		(restated)
Financing activities					
Proceeds from loans and financing	15	**802,321**	696,676	**802,321**	696,676
Repayment of principal - loans and financing	15	**(687,271)**	(736,315)	**(687,271)**	(736,315)
Repayment of interest – loans and financing	15	**(265,505)**	(260,666)	**(265,505)**	(260,666)
Proceeds from/repayment of intercompany loans		**39,935**	24,004	**35,085**	24,033
Repayment/granting of intercompany loans		**(4,663)**	(106)	**(95)**	(106)
Net cash used in financing activities		**(115,183)**	(276,407)	**(115,465)**	(276,378)
Increase (decrease) in cash and cash equivalents		**178,299**	(45,035)	**179,375**	(44,914)
Cash and cash equivalents					
At beginning of year		**136,808**	181,843	**136,929**	181,843
At end of year		**315,107**	136,808	**316,304**	136,929
Increase (decrease) in cash and cash equivalents		**178,299**	(45,035)	**179,375**	(44,914)

See accompanying notes.

1. Operations

a) Business purpose

S/A Coruripe Açúcar e Álcool (“Company”) is a privately-held corporation incorporated on February 2, 1925, with headquarters in the city of Coruripe, state of Alagoas, engaged in: a) manufacturing of sugarcane and its by-products; b) import and export of products related to its activities, including as a trade export company; c) project development of Clean Development Mechanisms (CDM) for generation and sale of Certified Emission Reductions (CERs) and/or Verified Emission Reductions (VERs); d) generation and sale of electric power, live steam, exhaust steam and all by-products arising from cogeneration of electric power; e) performance of other related activities; and f) holding interest in other companies, regardless of the economic sectors in which they operate.

The Company also has a leased bus/train station in the city of Fernandópolis, state of São Paulo, and an administrative office in the city of Maceió, state of Alagoas.

The Company has five plants, one in the city of Coruripe, state of Alagoas, and four in the cities of Campo Florido, Carneirinho, Iturama and Limeira do Oeste, state of Minas Gerais, having processed approximately 13,068 thousand tons of sugarcane in the 2018/2019 crop (13,939 thousand tons in the 2017/2018 crop). Northeast region's annual crop season starts in September and ends in March, while in the Southeast, the season starts in April and ends in December, causing fluctuations in the Company's inventories, since approximately 25% (20% for 2017/2018 crop) of the production is located in the Northeast region and 75% (80% for 2017/2018 crop) in the Southeast region. For the 2018/2019 crop, 37% (40% for the 2017/2018 crop) of the sugarcane used in the manufacturing of products derived from the Company's own plantations under sharecropping arrangements, including with shareholders and related companies, and the remaining 63% (60% for 2016/2017 crop) from third-party suppliers.

b) Economic and financial scenario

Sugar and ethanol businesses are subject to different exposures that may directly impact the Company’s P&L. The fluctuation of foreign exchange rates, of the sugar and oil international prices and the results of crops in producing countries around the world, as well as the lack of internal policies for the sector are vital for the formation of Company’s sales price.

1. Operations (Continued)

b) Economic and financial scenario (Continued)

During the 2018/2019 crop, the Company continued its safety policies, cost control and focus on improving results. The indexes measured by the number of accidents with and without leave have significantly reduced in recent years, while measures for cost control and adjustment have also moved forward and are within the profile of companies in the sector. The indication of surplus in the global sugar supply during the crop season continued to push sugar prices down and has required expertise and swift interpretation of the price market oscillations by the commercial area to determine the sugar prices and production mix in the 2018/2019 crop. Approximately 53% of the crushing was intended for sugar production (5.8% sanding sugar and 47.2% VHP), while the remaining 47% was intended for production of ethanol. In the 2017/2018 crop, the mix was 57.7% for sugar production and 42.3% for ethanol production.

These individual and consolidated financial statements were prepared under various assessment bases used in accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors, considering management's judgment for determining the adequate amounts to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the selection of useful lives and recoverability of property, plant and equipment in operations, fair value measurement of financial assets and biological assets, recoverability of deferred income and social contribution taxes, as well as analysis of other risks in determining other provisions, including provision for contingencies.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent in their estimate process. The Company and its subsidiary review the estimates and assumptions at least annually.

The financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise the pronouncements issued by Brazil's Financial Accounting Standards Board - FASB (CPC), approved by Brazil's National Association of State Boards of Accountancy (CFC),

The Company's fiscal year begins on April 1 and ends on March 31.

The Company's individual and consolidated financial statements for the year ended March 31, 2019 were authorized for issue as resolved by Company's Executive Board on June 27, 2019.

1. **Operations** (Continued)

c) Corporate restructuring

Liquidation of Demercur

On April 10, 2018, by means of the Special Shareholders' Meeting, the Company, as the controlling shareholder and holder of 100% of the shares of Demercur S.A., resolved to end the activities and liquidate the investee, through extinction of its assets and liabilities, which were transferred to its shareholder, the Company.

Sale of Coruripe Lux S.A.

On May 24, 2018, through the Share Purchase Agreement and Other Covenants, the Company, as the controlling shareholder and holder of 100% of the shares of Coruripe Lux S.A., signed the sale to the holding companies of the Tércio Wanderley Group, R.W Participações e Empreendimentos Ltda. V.W Participações e Empreendimentos Ltda. and S.M Participações e Empreendimentos Ltda.

The Company was the sole holder of 30,000 shares with a par value of 1.00 (one euro) each, representing 100% of the capital and political rights of Coruripe Lux S.A. In the sale transaction, the Company sold all of the shares to the purchasers in equal proportions free of any and all charges

Acquisition of control of Coruripe Energética S.A.

On March 13, 2019, the shareholders approved acquisition of control of Coruripe Energética S.A., through transfer of shares, previously held by the controlling holdings of the Tércio Wanderley Group, by the Company.

2.1. Statement of compliance and basis of preparation

The individual and consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise the provisions of the Brazilian Corporation Law, i.e. Law No. 6404/76, as amended by Law No. 11638/07 and Law No. 11941/09, and the accounting pronouncements, interpretations and guidance issued by Brazil’s FASB (CPC), and approved by Brazil’s National Association of State Boards of Accountancy (CFC).

The consolidated financial statements and the Company’s individual financial statements are presented side by side in a single set of financial statements.

2. Presentation of financial statements and summary of accounting practices

2.1. Statement of compliance and basis of preparation (Continued)

The individual and consolidated financial statements were prepared on a historical cost basis, except for the following material items recognized in the statements of financial position: derivative financial instruments and biological assets measured at fair value through profit or loss.

The Company also considered the guidance from OCPC 07, issued by the CPC in November 2014, for preparation of the financial statements. Accordingly, material information specific to the financial statements is being evidenced and corresponds to the information used by management in managing the Company.

2.2. Basis of consolidation and investment in subsidiary

The consolidated financial statements include those of the Company and its subsidiary at March 31, 2019. Control occurs when the Company is exposed or has rights to variable returns based on its involvement with the investee and has the ability to affect such returns through power exercised over the investee.

The Company specifically controls an investee when, and only when:

- It has power in relation to the investee (that is, existing rights that ensure the current capacity to direct the applicable activities of the investee);
- It is exposed, or has rights, to variable returns from its involvement with the investee; and
- It has the ability to use its power over the investee to affect the value of returns.

It is generally assumed that a majority of voting rights results in control. In order to support this assumption, and when the Company has less than the majority of the voting rights of an investee, the Company considers all applicable facts and circumstances when assessing whether it has power over an investee, including:

- The contractual agreement between the investor and other holders of voting rights;
- Rights arising from other contractual agreements; and
- Voting rights and potential voting rights of the Company (investor).

(In thousands of reais)

2. Presentation of financial statements and summary of accounting practices (Continued)

2.2. Basis of consolidation and investment in subsidiary (Continued)

The Company evaluates whether it exercises control over an investee if facts and circumstances indicate that there are changes in one or more of the three control elements mentioned above. The consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ends when such control ceases. Assets, liabilities and P&L of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which the Company obtains control over the subsidiary until the date when such control is no longer exercised.

Profit or loss and each component of other comprehensive income is attributed to the Company's controlling and non-controlling shareholders, even if this results in loss to non-controlling shareholders. When necessary, adjustments are made to the subsidiaries' financial statements to align their accounting policies with those of the Company. All assets and liabilities, P&L, revenues, expenses and cash flows of the same group, related to transactions between members of the Company, are fully eliminated upon consolidation.

Changes in equity interest of the subsidiary, without loss of control, is accounted for as equity transaction.

If the Company loses control over a subsidiary, the corresponding assets (including any goodwill) and liabilities of the subsidiary are derecognized at book value on the date control ceases to exist, and the carrying amount of any non-controlling interest (including any components of other comprehensive income attributed thereto) is written off on the same date. Any resulting difference as gain or loss is accounted for in P&L. Any retained investment is recognized at fair value on the date the control ceases to exist.

Consolidated balances in the financial statements for the year ended March 31, 2019 and 2018 include the following subsidiaries:

			% Ownership interest	
	Country	**Fiscal year**	**2019**	**2018**
Coruripe Energética S.A.	Brazil	March 31	**100%**	-
Demercur S.A.	Uruguay	January 31	**-**	100%
Coruripe Lux S.A.	Luxembourg	March 31	**-**	100%

There were no significant changes in the equity of Demercur S.A. between January 31 and March 31, 2018.

2. Presentation of financial statements and summary of accounting practices (Continued)

2.3. Foreign currency translation

The individual and consolidated financial statements are presented in reais (R$), which is also the controlling entity's functional currency. Each entity determines its own functional currency, and for those entities whose functional currency differs from the real, the financial statements are translated into reais at the reporting date.

Transactions and balances

Foreign currency transactions are initially recorded at the exchange rate of the functional currency in effect at the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate on the reporting date. Non-monetary items measured at historical cost in foreign currency are translated at the exchange rate in force on the transaction date.

In determining the exchange rate to be used upon initial recognition of the respective asset, expense or revenue (or part thereof) related to early payment or receipt, the transaction date is the date on which the Company initially recognizes the non-monetary asset or the non-monetary liability arising from early payment or receipt. When there are several early payments or receipts, the Company determines the date of the transaction for each early payment or receipt of the consideration.

2.4. Government grants

Government grants are recognized when there is reasonable certainty that the benefit will be received and that all the related conditions will be met. When the benefit relates to an expense item, it is recognized as revenue throughout the benefit period, on a systematic basis in relation to the costs whose benefit offset is sought. When the benefit relates to an asset, it is recognized as deferred revenue and posted to P&L in equal amounts throughout the expected useful life of the corresponding asset.

2. Presentation of financial statements and summary of accounting practices (Continued)

2.4. Government grants (Continued)

The Company is beneficiary of the following government grants and subsidies:

State Value-Added Tax (ICMS)

Subsidized loan

The Company, within the Strategic Agribusiness Implementation Support Program (PROE - AGROINDÚSTRIA), has the following loans subsidized by the Minas Gerais State Government with funds from the Strategic Industries Development Fund (FUNDIEST):

This financing is subject to monetary restatement based on the General Market Price Index (IGP-M) rate variation. The repayment term of each financing installment is 96 months. On each installment payment date, an incentive of 50% reduction in the applicable monetary restatement is granted.

Limeira do Oeste Plant

Financing released in monthly installments equivalent to 37.8% of ICMS due and paid, referring to sales of own production. At March 31, 2019, the Company had balances payable under this financing. The program was suspended by the Minas Gerais state.

This financing is subject to monetary restatement based on the General Market Price Index (IGP-M) rate variation. The repayment term of each financing installment is 96 months. On each installment payment date, an incentive of 60% reduction in the applicable monetary restatement is granted.

Matching credit

The plant located in Coruripe (AL) now benefits from the new matching credit regulation under the Alagoas State Finance Office, through Decree No. 59991, dated July 27, 2018, established in a joint effort between plants located in the state of Alagoas. The state government approved the new decree, under which the benefits of the state of Alagoas are equal to the benefits granted by the state of Pernambuco. This change permits that plants of Alagoas recover the sugar and ethanol market share in the northeastern region, granting the following tax benefits:

2. Presentation of financial statements and summary of accounting practices (Continued)

2.4. Government grants (Continued)

State Value-Added Tax (ICMS) (Continued)

Matching credit (Continued)

- ICMS matching credit of 7% on intrastate sales of sanding sugar;
- ICMS matching credit of 9% on interstate sales of sanding sugar;
- ICMS matching credit of 6% on exports of VHP sugar;
- ICMS matching credit of 12% on intrastate and interstate sales of hydrated ethanol;
- ICMS matching credit of 0% on intrastate and interstate sales of anhydrous ethanol;
- ICMS matching credit of 0% on total sales of the other products;
- Special Regime for Reintegration of Tax Amounts (REINTEGRA) credit of 0.1% on total exports.

The Decree also establishes that the balance of credits accumulated in the crops closed on August 31 in the state of Alagoas may be used until the end of the next crop, and the remaining balance after this period should be reversed under the Decree.

In the plants located in the state of Minas Gerais, the Company has ICMS matching credit of 2.5% on sale of sugarcane byproducts, according to article 75, item XXXII, RICMS/02 MG, as follows:

- Ethanol and sugar, in intrastate, interstate and export transactions; and
- Electric power produced from the sugarcane bagasse in intrastate operations

2. Presentation of financial statements and summary of accounting practices (Continued)

2.5. Financial instruments

i) Financial instruments

Financial assets and liabilities are recognized when the Company and its subsidiaries are parties to the instrument´s contractual provisions. Financial assets and liabilities are initially recognized at fair value. Transaction costs directly attributable to acquisition or issue of financial assets and liabilities (except financial assets and liabilities recognized at fair value through profit or loss) are increased or decreased of the fair value of assets or liabilities, where applicable, after initial recognition. Transaction costs directly attributable to acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in P&L.

a) Financial assets

Financial assets are classified into the following specific categories based on the business model under which they are held and the characteristics of their contractual cash flows: (i) measured at amortized cost; (ii) at fair value through profit or loss; and (iii) at fair value through other comprehensive income. The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition. The Company’s key financial assets are as follows:

Measured at fair value through profit or loss

Financial instruments recorded at fair value through profit or loss: these are assets held for trading or designated as such upon initial recognition. The Company manages these assets and makes purchase and sales decisions based on their fair values, in accordance with the risk management policy and investment strategy. These financial assets are recorded at fair value, and any changes are recognized in P&L for the year. The Company’s key financial assets classified under this category are as follows:

- Short-term investments (Notes 4 and 5); and
- Derivative financial instruments (Note 25).

2. Presentation of financial statements and summary of accounting practices (Continued)

2.5. Financial instruments (Continued)

i) Financial instruments (Continued)

a) Financial assets (Continued)

Measured at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met: (i) the financial asset is held within a business model whose objective is to maintain financial assets in order to receive contractual cash flows and (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that constitute, exclusively, principal and interest payments on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in P&L when the asset is written off, modified or is impaired. The Company's key financial assets classified under this category are as follows:

- Cash and cash equivalents, except and short-term investments (Note 4);
- Trade accounts receivable (Note 6);
- Receivables from related parties (Note 10);

Impairment of financial assets

Adoption of CPC 48 changed the way companies recorded impairment losses on financial assets, replacing the CPC 38 loss approach with an expected future credit loss approach. CPC 48 requires the Company to recognize a provision for expected future credit losses for all debt instruments that are not held at fair value through profit or loss and contractual assets. Management reviewed the recoverable amount of its financial assets and did not consider it necessary to record provision for impairment of its accounts receivable.

2. Presentation of financial statements and summary of accounting practices (Continued)

2.5. Financial instruments (Continued)

i) Financial instruments (Continued)

b) Financial liabilities

Upon initial recognition, financial liabilities are classified at fair value through profit or loss, at amortized cost or as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially measured at fair value, plus or less, in the case of financial liabilities that are not measured through profit or loss, transaction costs that are attributable to the issue of the financial liability.

Measurement of financial liabilities depends on their classification, as follows:

Measured at amortized cost

After initial recognition, they are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when liabilities are derecognized and by the effective interest rate amortization process. The Company's key financial liabilities include:

- Trade accounts payable;
- Related parties (Note 10); and
- Loans and financing in local currency (Note 15).

ii) Derivative financial instruments

The Company uses derivative financial instruments, such as forward foreign exchange contracts, interest rate swaps, and commodity forwards to hedge against currency, interest rate, and commodities price risks, respectively. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently remeasured at fair value through profit or loss. Derivatives are recorded as financial assets when the fair value is positive and as financial liabilities when negative.

2. Presentation of financial statements and summary of accounting practices (Continued)

2.6. Sharecropping

Sharecropping in which a significant portion of the property's risks and rewards is retained by the lessor partner are classified as operating sharecropping. Payments made to operating partners (net of any incentive received from the lessor partner) are recognized in P&L on a straight-line basis during the sharecropping period, in accordance with CPC 06 (R1).

2.7. Treasury shares

Represented by Company shares acquired from former shareholders and held in treasury. These are recognized at acquisition cost and classified as a contra account of equity. No gains or losses are recognized in profit or loss upon purchase and sale, issue or cancellation of Company shares.

2.8. Environmental issues

The plantation-related industrial facilities and activities of the Company are subject to environmental regulations. The Company minimizes the risks associated with environmental issues through operating procedures and controls and investments in pollution control systems and equipment. Based on the rules and standards in force in Brazil, Company management understands that no provision for losses in connection with environmental issues is required today.

2.9. Use of estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

Estimates and assumptions that present a significant risk, likely to cause a significant adjustment to carrying amounts of assets and liabilities for the next fiscal year are as follows:

Impairment of non-financial assets

The Company annually tests non-financial assets for impairment. The recoverable amounts of Cash-Generating Units (CGUs) were determined based on value-in-use calculations. These calculations require the use of estimates.

2. Presentation of financial statements and summary of accounting practices (Continued)

2.9. Use of estimates and judgments (Continued)

Biological assets

Biological assets are measured at fair value at each statement of financial position date and the effects of changes at fair value between the periods are allocated directly to the cost of sales.

Income tax, social contribution tax and other taxes

The Company recognizes provisions for situations in which it is probable that additional tax amounts will be payable. When the final outcome from these matters is different from the amounts initially estimated and recorded, these differences will have an impact on current and deferred tax assets and liabilities in the year in which the definitive amount is determined.

Deferred income and social contribution tax assets

Deferred income and social contribution taxes are computed on unused tax losses only to the extent that it is probable that taxable profit will be available to allow use thereof in the future. In addition, the Company recognizes deferred taxes based on the temporary differences determined based on the tax base and the book value of certain assets and liabilities, using the current rates. Significant management judgment is required to determine the amount of deferred income and social contribution tax assets that may be recognized, based on a reasonable period and level of future taxable profits, along with future tax rationalization strategies.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques. The Company uses its professional judgment to choose various methods and define assumptions that are mainly based on market conditions existing at statement of financial position date.

In addition, certain equity-based and debt-based financial instruments are discounted at present value. Management estimates discount rates that are more appropriate for each circumstance and period.

2. Presentation of financial statements and summary of accounting practices (Continued)

2.9. Use of estimates and judgments (Continued)

Provision for contingencies

The Company is a party to labor, civil and tax proceedings at various court levels. Provision for contingencies are set up to cover any losses during the course of these proceedings, restated based on the opinion of the Company's legal advisors, requiring a high level of judgment on the issues involved.

2.10. Changes in the key accounting policies

First-time adoption of CPC 48 – Financial Instruments and CPC 47 – Revenue from Contracts with Customers

The Company initially adopted CPC 48 - Financial Instruments and CPC 47 - Revenue from Contracts with Customers using the cumulative effect method (without practical expedients), and effects of the first-time adoption of the standard were recognized on the date of first-time adoption (i.e., April 1, 2018, considering the Company's fiscal year). Consequently, the information presented at March 31, 2017 was not restated and, as such, was presented as previously reported in accordance with the previously existing standards.

CPC 48 – Financial Instruments

Classification and measurement of financial assets and liabilities

CPC 48 largely retains the requirements of CPC 38 for classification and measurement of financial liabilities. However, it eliminates the old categories for financial assets: (i) held to maturity, (ii) loans and receivables, and (iii) available for sale. Adoption of CPC 48 did not affect the Company's accounting policies as regards financial liabilities and derivative financial instruments.

(In thousands of reais)

2. Presentation of financial statements and summary of accounting practices (Continued)

2.10. Changes in the key accounting policies (Continued)

CPC 48 - Financial instruments (Continued)

Classification and measurement of financial assets and liabilities (Continued)

The following table and the explanatory notes below explain the original measurement categories of CPC 38 and the new measurement categories of CPC 48 for each class of financial assets of the Company as of April 1, 2018:

Financial asset/liability	Prior classification according to CPC 38 (up to 03/31/2018)	Current classification according to CPC 48 (03/31/2019)
Cash and cash equivalents	Loans and receivables	Amortized cost
Financial investments	Assets held to maturity	Fair value through profit or loss
Temporary investments	Assets held to maturity	Fair value through profit or loss
Trade accounts receivable	Loans and receivables	Amortized cost
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss
Transactions with related parties	Loans and receivables	Amortized cost
Trade accounts payable	Other financial liabilities	Amortized cost
Loans and financing:		
Foreign currency	Loans and receivables	Fair value through profit or loss
Local currency	Loans and receivables	Amortized cost

Impairment of financial assets

CPC 48 replaces the “incurred loss” model of CPC 38 with the expected loss model. In the Company’s case, the new impairment model is applicable to financial assets measured at amortized cost. In accordance with CPC 48, credit losses are recognized earlier than under CPC 38. Financial assets at amortized cost consist of accounts receivable and cash and cash equivalents. Pursuant to CPC 48, provisions for losses are measured on one of the following bases: - Expected credit losses for 12 months: these are credit losses that result from potential delinquency events within 12 months after the statement of financial position date; and – Lifetime expected credit losses: these are credit losses that result from all possible delinquency events over the expected life of an asset.

2. Presentation of financial statements and summary of accounting practices (Continued)

2.10. Changes in the key accounting policies (Continued)

<u>CPC 48 - Financial instruments</u> (Continued)

Impairment of financial assets (Continued)

The Company opted to measure provisions for losses on accounts receivable and other receivables and contractual assets for an amount equal to the lifetime expected credit loss. In determining whether the credit risk of a financial asset has increased significantly since the initial recognition and in estimating the expected credit loss, the Company considers reasonable and bearable information that is relevant and sustainable at no charge or excessive effort. This includes quantitative and qualitative information and analysis, based on the Company's experience, credit assessment and forward looking information. The Company considers a financial asset to be in default when: - it is unlikely that the creditor will repay its credit obligations in full without resorting to actions such as the realization of the guarantee (if any); or - the financial asset is overdue for more than 180 days.

Management assessed its financial assets and identified that there are no impacts arising from adoption of this new standard with respect to the new impairment model for financial assets, since the Company does not have significant overdue notes or historical losses.

<u>CPC 47 - Revenue from contracts with customers</u>

CPC 47 introduces a comprehensive structure to determine if, when, and for how much revenue is recognized. CPC 47 replaces the current revenue recognition guidance brought by CPC 30 – Revenue and CPC 17 – Construction contracts. Currently, most of the Company's revenues refer to sales of ethanol and sugar, and are recognized when the products are delivered at the customers' location or picked up by them at the port or other locations agreed with the customers, considering the moment when the customer obtains control over the products. As such, revenue is recognized at this point, as long as revenue and costs can be reliably measured, the receipt of the consideration is probable, and there is no continuous involvement of management with the products. Revenue from sale of power is currently recorded based on the power made available in the system and with tariffs specified under the terms of the supply agreement or at the market price in force, as the case may be.

Management evaluated the existing contracts and identified that there were no impacts from adoption of CPC 47, since revenue recognition already took place in a given period, and in accordance with the significant performance obligations identified in the contracts.

2. Presentation of financial statements and summary of accounting practices (Continued)

2.11. New accounting standards and interpretations not yet effective

CPC 06 (R2) – Leases

CPC 06 (R2) replaces the existing lease pronouncements, including CPC 06 (R1) - Leases and ICPC 03 - Supplementary Aspects of Leases. The new standard brings a single lease model, based on the right to use the asset in exchange for a consideration, with similar treatment to the finance lease. This standard is effective for years beginning on or after January 1, 2019 (in the case of the Company, as of April 1, 2019).

The Company is lessee in a significant number of lease agreements, mostly concentrated on land used for planting of sugar cane and lease of heavy vehicles and agricultural machinery. A significant portion of these agreements is accounted for as operating lease in accordance with the current lease standard, with lease payments recognized on a straight-line basis over the lease term.

The Company has relevant commitments, according to Note 12, and is evaluating the impact of adoption of CPC 06 (R2) on its financial statements. It is expected to opt for the cumulative effect approach as the transition methodology, i.e., without the need to restate the corresponding amounts.

2.12. Statement of cash flows

The statement of cash flows was prepared by the indirect method and is presented according to the Brazilian Technical Accounting Standard (NBCT) 3.8 – Statement of Cash Flows (equivalent to CPC 03 (R2)) issued by Brazil’s National Association of State Boards of Accountancy (CFC). The Company states interest paid on loans and financing as part of its financing activities.

(In thousands of reais)

3. Restatement of corresponding figures

3.1 Restatement of corresponding figures

Company management is restating the financial statements for the year ended March 31, 2018 and the opening balance at April 1, 2017, due to correction of prior year accrual periods accounted for over the year ended March 31, 2019. These adjustments are presented retroactively in accordance with CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26 (R1) - Presentation of Financial Statements, and produced the following impacts on the Company's financial statements in relation to the figures originally stated:

	Individual and Consolidated		
	P&L	**Equity**	
	03/31/2018	**03/31/2018**	**04/01/2017**
Original balances	44,766	769,146	687,620
(i) Adjustment of present value of credits from IAA indemnification claims	30,632	995,508	964,875
(ii) Deferred income and social contribution taxes on the present value of IAA indemnification credits;	(10,415)	(338,473)	(328,057)
(iii) Deferred PIS and COFINS on finance income from restatement of present value of IAA indemnification credits; and	(1,424)	(6,281)	(4,857)
(iv) Provision for lawyers' fees referring to IAA indemnification claims.	(7,562)	(245,745)	(238,183)
	11,231	405,009	393,778
Restated balances	55,997	1,174,155	1,081,398

The impacts of these changes on the individual and consolidated statements of financial position as of March 31, 2018 and April 1, 2017, as well as the impacts on the statement of profit or loss for the year ended March 31, 2018 are as follows:

(In thousands of reais)

3. Restatement of corresponding figures (Continued)

3.1 Restatement of corresponding figures (Continued)

Statement of financial position

	03/31/2018		
	Original	**Adjustments**	**Restated**
Assets			
Current assets	1,211,970	-	1,211,970
Noncurrent assets			
Other receivables (i)	978,337	995,508	1,973,845
Other noncurrent assets	1,322,164	-	1,322,164
Total assets	3,512,471	995,508	4,507,979
Liabilities and equity			
Current liabilities	688,640	-	688,640
Noncurrent liabilities			
Taxes payable (iii)	7,284	6,281	13,565
Deferred income and social contribution taxes (ii)	112,614	338,473	451,087
Other obligations (iv)	-	245,745	245,745
Other noncurrent liabilities	1,934,787	-	1,934,787
	2,054,685	590,499	2,645,184
Equity			
Equity	769,146	405,009	1,174,155
Total liabilities and equity	3,512,471	995,508	4,507,979

	04/01/2017		
	Original	**Adjustments**	**Restated**
Assets			
Current assets	1,338,891	-	1,338,891
Noncurrent assets			
Other receivables (i)	923,505	964,875	1,888,380
Other noncurrent assets	1,351,790	-	1,351,790
Total assets	3,614,186	964,875	4,579,061
Liabilities and equity			
Current liabilities	795,915	-	795,915
Noncurrent liabilities			
Taxes payable (iii)	13,667	4,857	18,524
Deferred income and social contribution taxes (ii)	64,598	328,057	392,655
Other obligations (iv)	-	238,183	238,183
Other noncurrent liabilities	2,052,386	-	2,052,386
	2,130,651	571,097	2,701,748
Equity			
Equity	687,620	393,778	1,081,398
Total liabilities and equity	3,614,186	964,875	4,579,061

(In thousands of reais)

3. Restatement of corresponding figures (Continued)

3.1 Restatement of corresponding figures (Continued)

Statement of profit or loss

	03/31/2018		
	Original	**Adjustments**	**Restated**
Net operating revenue	2,206,289	-	2,206,289
Cost of sales	(1,686,576)	-	(1,686,576)
Gross profit	519,713	-	519,713
Operating income (expenses)	(206,571)	-	(206,571)
Income before finance income and costs	313,142	-	313,142
Finance income and costs	(260,603)	21,646	(238,957)
Income before income and social contribution taxes	52,539	21,646	74,185
Income and social contribution taxes:			
Current	(24,086)	-	(24,086)
Deferred	16,313	(10,415)	5,898
	(7,773)	(10,415)	(18,188)
Net income for the year	44,766	11,231	55,997

Except for the change in net income for the year, the statement of comprehensive income, and total operating, investing and financing activities in the statement of cash flows for the year ended March 31, 2018 originally stated remain unchanged after the adjustments made.

4. Cash and cash equivalents and short-term investments

Cash and cash equivalents include cash amounts and bank deposits, in Brazil and abroad.

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
Cash and cash equivalents:				
Cash	**29**	30	**29**	30
Bank checking account				
In Brazil	**30,878**	109,743	**32,075**	109,743
Abroad	**153,793**	27,035	**153,793**	27,156
	184,700	136,808	**185,897**	136,929
Short-term investments	**130,407**	-	**130,407**	-
	315,107	136,808	**316,304**	136,929

(In thousands of reais)

5. Financial investments (Individual and Consolidated)

	2019	2018
Financial investments:		
Local currency	**1,580**	112,528
	1,580	112,528
Current	**-**	(109,454)
Noncurrent	**1,580**	3,074

Financial investments basically include securities represented mostly by Bank Deposit Certificates (CDB), repurchase agreements, debentures and certificate accounts with lottery prizes, all redeemable within 90 days, with annual remuneration rates ranging from 67% to 105.7% of CDI at March 31, 2019 (67% to 105.7% of CDI in 2018).

6. Trade accounts receivable

Trade accounts receivable are initially stated at present value, less allowance for doubtful accounts, where applicable.

The balance of trade accounts receivable is broken down as follows:

	Individual		Consolidated	
	2019	2018	2019	2018
In Brazil	**70,240**	72,208	**71,246**	72,208
Abroad	**26,164**	1,018	**26,164**	1,018
	96,404	73,226	**97,410**	73,226
(-) Allowance for doubtful accounts	**(462)**	(1,072)	**(462)**	(1,072)
	95,942	72,154	**96,948**	72,154

The aging list of trade accounts receivable is as follows:

	Individual		Consolidated	
	2019	2018	2019	2018
Falling due	**92,421**	70,241	**93,427**	70,241
Overdue:				
From 1 to 30 days	**916**	463	**916**	463
From 31 to 90 days	**356**	284	**356**	284
From 91 to 120 days	**127**	7	**127**	7
More than 121 days	**2,584**	2,231	**2,584**	2,231
	96,404	73,226	**97,410**	73,226

(In thousands of reais)

6. Trade accounts receivable (Continued)

Expected losses on doubtful accounts were estimated based on credit risk analysis, which considers the history of losses, the individual situation of the customers, the situation of the economic group to which they belong, the security interest for debts, and assessment of legal advisors. Estimated losses on doubtful accounts are deemed sufficient to cover any losses on amounts receivable and the changes in the allowance are shown below:

	Individual	
	2019	2018
Opening balance	(1,072)	(1,072)
Set-up	**(1,182)**	-
Reversal	**1,792**	-
Closing balance	**(462)**	(1,072)

7. Inventories

Inventories are carried at average acquisition or production cost, adjusted by a provision for impairment, when applicable.

	Individual		Consolidated	
	2019	2018	2019	2018
Finished products:				
Sugar	**18,299**	13,373	**18,299**	13,373
Ethanol	**12,596**	8,055	**12,596**	8,055
Molasses	**1,306**	1,453	**1,306**	1,453
Supplies	**59,184**	60,460	**59,670**	60,460
Third-party inventories held by the Company	**7,490**	13,558	**7,490**	13,558
	98,875	96,899	**99,361**	96,899
Provision for inventory losses	**(6,591)**	(3,695)	**(6,790)**	(3,695)
	92,284	93,204	**92,571**	93,204
Advances to sugarcane suppliers	**460,963**	402,149	**460,963**	402,149
Provision for losses on advances	**(1,875)**	(1,875)	**(1,875)**	(1,875)
	459,088	400,274	**459,088**	400,274
	551,372	493,478	**551,659**	493,478
Current	**(485,577)**	(493,478)	**(485,864)**	(493,478)
Noncurrent	**65,795**	-	**65,795**	-

The Company entered into partnerships for acquisition of sugarcane produced in third-party rural properties (also under the sharecropping regime). Agreements are usually signed for a period of up to seven sugarcane cycles. At March 31, 2019, advances to sugarcane suppliers amounting to R$460,963 (R$402,149 at March 31, 2018) were equivalent to approximately 5,553 thousand tons of sugarcane (4,413 thousand tons at March 31, 2018), which accounts for 37.7% of the Company’s production capacity (31% at March 31, 2018).

(In thousands of reais)

7. **Inventories** (Continued)

Changes in the provision for inventory losses and advances to sugarcane suppliers are as follows:

	2019	2018
Opening balance	(5,570)	(5,570)
Set-up	**(2,896)**	-
Closing balance	**(8,466)**	(5,570)

8. Taxes recoverable

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	**73,037**	59,935	**73,037**	59,935
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	**9,692**	4,019	**9,692**	4,019
Federal VAT (IPI)	**11,529**	8,512	**11,529**	8,512
State VAT (ICMS) - regular	**12,365**	15,017	**12,367**	15,017
ICMS on fixed assets (CIAP)	**2,399**	930	**2,522**	930
Corporate Income Tax (IRPJ) prepaid	**5,996**	3,784	**5,996**	3,784
Social Contribution Tax on Net Profit (CSLL) prepaid	**7,484**	7,433	**7,484**	7,433
Other	**1,599**	1,494	**1,603**	1,494
	124,101	101,124	**124,230**	101,124
Current	**(122,436)**	(100,194)	**(122,491)**	(100,194)
Noncurrent	**1,665**	930	**1,740**	930

Taxes recoverable balances arise from commercial transactions and prepayments, adjusted to present value, where applicable.

The Company filed declaratory judgment action pleading non-existence of legal-tax relationship regarding undue payments made with the Federal Finance Office, claiming exclusion of ICMS from the PIS and COFINS tax base, as well as the right to be fully refunded of the overpaid amounts. The suit filed in 2005 also pleaded the decennial period from the filing of the lawsuit, that is, retroactively to 1995.

On December 13, 2018, the final decision granted the Company’s claims in proceeding AMS93049 – AL (0003665-31.2005.4.05.8000) for considering the inclusion of ICMS in the PIS and COFINS tax base unconstitutional, and acknowledging the right to offset and/or refund the unduly paid amounts, under the same title, from the period beginning 1995 (10 years prior to filing of the suit) to March 2017, date on which the Federal Supreme Court (STF) judged Appeal (RE) No. 574.706, processed as general resonance, through which the inclusion of ICMS in the PIS and COFINS tax base was considered unconstitutional by majority voting.

(In thousands of reais)

8. Taxes recoverable (Continued)

Thus, at March 31, 2019, the Company recognized the amount of R$35,014 referring to PIS and COFINS credits, duly updated by reference to the SELIC from its origin to March 31, 2019. The aforementioned credits were calculated based on the ICMS amount disclosed in shipping invoices, aligned with the STF's understanding in the decision above.

Long-term tax credits are expected to be realized as follows:

	Individual	
Year	**2019**	**2018**
2019/2020 crop	**-**	439
2020/2021 crop	**655**	335
2021/2022 crop	**453**	131
2022/2023 crop	**166**	25
2023/2024 crop onwards	**391**	-
	1,665	930

9. Other receivables (Individual and Consolidated)

		03/31/2019	03/31/2018	04/01/2017
			(restated)	
Indemnification credits - IAA	(a)	**2,723,272**	1,927,410	1,868,104
Accounts receivable from crop sales	(b)	**75,700**	68,221	59,760
Ethanol subsidy receivable (Law No. 13000/14)		**14,000**	14,000	14,000
Advances to employees		**4,633**	6,088	4,819
Other receivables		**14,169**	11,114	19,418
		2,831,774	2,026,833	1,966,101
Current		**(37,008)**	(52,988)	(77,721)
Noncurrent		**2,794,766**	1,973,845	1,888,380

(a) Suits for damages against the Federal Government – IAA 4870

Still in the 90s, the Company filed two suits for damages against the Federal Government and the former Sugar and Alcohol Institute ("IAA 4870"), claiming indemnification for losses from sugar and alcohol prices set below the production cost, for all crops from the period from March 1985 to November 1992. Final decisions were handed down in previous years regarding such suits, for which the right to indemnification pleaded by the Company may no longer be modified.

Accordingly, in 2015 the Company prepared calculations to estimate the present value of expected cash flows from these indemnifications and recorded the amount of R$1,602,473 at the time. From then on, the credit amount is restated based on IPCA-E variation in subsequent years. In the current period, the Company recorded the amount of R$59,483 (Note 21), corresponding to restatement by the IPCA-E in the period.

In the current year, the Company reviewed the estimated present value of such indemnifications due to changes in certain assumptions used in the calculations. Thus, in the year ended March 31, 2019, as a result of adoption of the new assumptions, the Company accounted for the amount of R$1,731,886 retroactively to 2015, concerning the updated present value of the expected cash flows from these indemnifications, totaling R$2,723,272. The amount of R$347,217 was also recognized corresponding to the provision for payment of lawyers' fees, in addition to maintaining the recognition of deferred income and social contribution tax liabilities, and deferred PIS and COFINS liabilities on the portion of interest and restatement on such credits.

9. Other receivables (Individual and Consolidated) (Continued)

(b) Receivables from crop sales

In June 2016, the Company sold to third-party suppliers 100% of its own ratoon arising from sharecropping in the Campo Florido plant. This sale comprised approximately 20,500 hectares of sugarcane ratoon. The total amount of sales was R$68,705, of which 20.9% amounting to R$14,359 were paid in cash by the suppliers, and the remaining amount of R$54,346 was converted into total recoverable sugar – ATR (kg) – for the price of R$0.5050 per kg/ATR totaling 106,930,730 kg/ATR to be paid in 3 equal and successive installments of 35,643,577 kg per crop, and the contracted payment schedule was as follows:

2016/2017 crop – 35,643,577 KG/ATR
2017/2018 crop – 35,643,577 KG/ATR
2018/2019 crop – 35,643,577 KG/ATR

The amount is being discounted upon annual sugarcane delivery by suppliers. The ATR price per kg for future payments according to the schedule per crop was indexed to the value of KG/ATR as disclosed by the São Paulo State Council of Sugarcane, Sugar and Ethanol Producers (Consecana – SP) at March 31 every year. At March 31, 2019, the amount received referring to sales contracts of ratoon areas totaled R$53,315 (R$34,091 in 2018), with a remaining balance receivable of R$17,460 referring to this transaction, resulting from renegotiation of terms for some contracts which the Company expects to settle during the 2019/2020 crop.

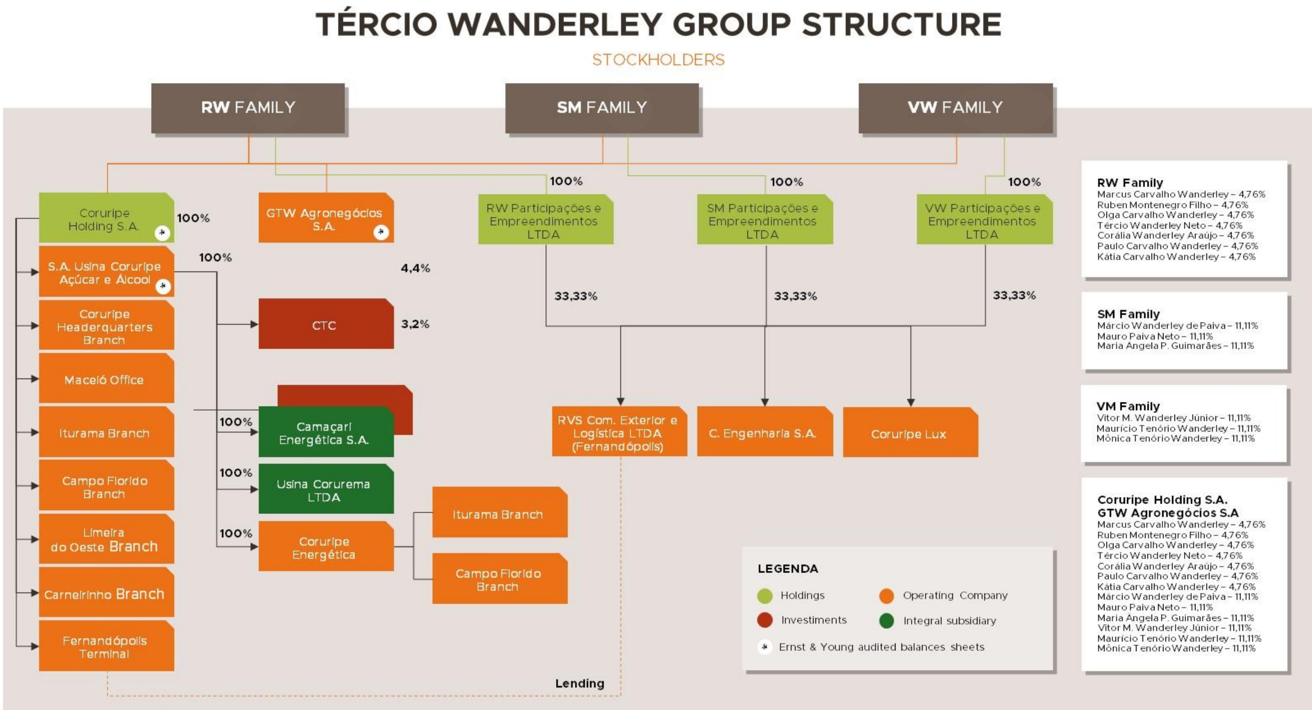
Furthermore, at March 31, 2018, the Company has a balance of R$12,272 (R$10,414 in 2018) referring to sales of certain ratoon areas in Iturama plant. Under the contracted receipt schedule, approximately 41% of the receivables are negotiated to be received as follows: 72% during the 2018/2019 crop and the remaining 28% in the 2019/2020 crop. In addition, the Company records balances of R$45,968 (R$21,123 in 2018) referring to sales of certain ratoon areas in Coruripe/AL plant, with maturities from the 2019/2020 crop onwards, divided into three crops.

10. Transactions with related parties

Control

The Company is a wholly-owned subsidiary of Coruripe Holding S.A. The corporate organization chart of the Tércio Wanderley Group, to which the Company belongs, is as follows:

10. Transactions with related parties (Continued)



Key management personnel compensation

Total compensation paid to management (including board members and directors) totaled R$10,847 and R$10,441 for the years ended March 31, 2019 and 2018, respectively.

(In thousands of reais)

10. Transactions with related parties (Continued)

At March 31, 2019 and 2018, the Company's balances with related parties are as follows:

		Individual		Consolidated	
		2019	**2018**	**2019**	**2018**
Current assets					
Intercompany loan					
C Engenharia S.A.	(a)	**-**	11,170	**-**	11,170
		-	11,170	**-**	11,170
Noncurrent assets					
Intercompany loan					
Demercur S.A.		**-**	100	**-**	
Coruripe Holding S.A.	(a)	**42,747**	72,109	**42,747**	72,109
		42,747	72,209	**42,747**	72,109
Noncurrent liabilities					
Intercompany loan					
Coruripe Energética S.A.	(a)	**24,127**	-	**-**	-
		24,127	-	**-**	-
Statement of profit or loss					
Revenue					
Coruripe Energética S.A.	(b)	**5,127**	5,280	**-**	5,280
		5,127	5,280	**-**	5,280
Cost					
Coruripe Energética S.A.	(b)	**(5,127)**	(5,278)	**-**	(5,278)
GTW Agronegócios S.A.	(c)	**(45,462)**	(38,377)	**(45,462)**	(38,377)
		(50,589)	(43,655)	**(45,462)**	(43,655)
Finance income					
C Engenharia S.A.	(a)	**411**	2,621	**411**	2,621
Coruripe Energética S.A.	(a)	**(459)**	-	**(459)**	-
Coruripe Holding S.A.	(a)	**4,158**	5,387	**4,158**	5,387
		4,110	8,008	**4,110**	8,008

Transactions with related parties were carried out under the conditions agreed between the parties, as follows:

(a) The Company has intercompany loans entered into with affiliates, subject to interest of 7.7% p.a., with IOF applied to loan transactions;

(b) The Company has a purchase and sale agreement whereby it sells raw sugarcane bagasse and purchases steam from its affiliate Coruripe Energética S.A., effective until March 31, 2023, subject to extensions if so agreed upon by the parties. The prices were defined by the parties and are annually restated based on the accumulated IGP-M rate variation for the period;

(c) This refers to 32 sugarcane sharecropping agreements with GTW Agronegócios S.A. and individuals of the Tércio Wanderley Group, on September 28, 2009, effective for 50 years, subject to extensions if so agreed upon by the parties. The prices are defined by the parties and annually restated based on the Total Recoverable Sugar (ATR) rate variation, as disclosed by the São Paulo State Council of Sugarcane, Sugar and Ethanol Producers (Consecana/SP) of the specific location of each leased plot of land.

(d) The Company has a lease agreement at no cost for lease of the Sugar Transshipment Terminal of Fernandópolis/SP, owned by three personal holdings that control the Tércio Wanderley Group (V.W. Participações e Empreendimentos Ltda., R.W. Participações and Empreendimentos Ltda. e S.M. Participações e Empreendimentos Ltda.). The agreement, effective for 20 years (beginning April 2009), allows the Company to operate, at its expense and not subject to lease rates, the sugar road and rail terminal located in Fernandopólis/SP (truck entrance and train exit to the port of Santos/ SP);

(e) The Company has a contract for free assignment of certain chattels and areas of the Company's industrial plant, in the Iturama unit, in force until December 2022, and in the Campo Florido unit, effective until December 2037, which are used by Coruripe Energética for its renewable electric power generation business.

(In thousands of reais)

11. Investments and provision for investment loss

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
Noncurrent assets				
Investments				
Coruripe Energética S.A.	**25,367**	-	**-**	-
Centro de Tecnologia Canavieira S.A.	**18,824**	17,567	**18,824**	17,567
Coruripe Lux S.A.	**-**	121	**-**	-
Empresa Alagoana de Terminais Ltda.	**366**	428	**366**	428
	44,557	18,116	**19,190**	17,995
Noncurrent liabilities				
Provision for investment losses				
Demercur S.A.	**-**	140	-	-
	-	140	-	-

<u>Information on investments</u>

	Coruripe Energética S.A.	CTC S.A.	
	2019	**2019**	**2018**
Equity	**25,367**	**595,655**	555,819
Net income for the year	**37,684**	**34,220**	14,309
Number of shares held	**30,465**	**24,021**	24,021
% Ownership interest	**100%**	**3.16%**	3.16%
Investment	**25,367**	**18,823**	17,567
Equity pickup (*)	**(226)**	**1,081**	452

(*) Coruripe Energética S.A. became an investee on March 13, 2019. Equity pickup recorded includes P&L of the subsidiary in the period from March 1 to March 31 2019.

(In thousands of reais)

11. Investments and provision for investment loss (Continued)

Changes in investments are as follows:

	31/12/2018	03/31/2018
Opening balance	18,116	17,314
Acquisition of investments	**34,867**	328
Dividends proposed	**(9,421)**	-
Equity pickup	**995**	474
Closing balance	**44,557**	18,116

12. Biological assets (Individual and Consolidated)

Biological assets comprise planting and cultivation of sugarcane, which will be used as raw material in the production of sugar and ethanol in the next crop. These assets are carried at fair value less costs to sell.

The Company has sugarcane plantations growing in the states of Minas Gerais and Alagoas. The cultivation of sugarcane is treated as a semi-perennial activity that begins with the planting of seedlings in own or third-party land. The first cut occurs after a period from 12 to 18 months after planting, when the cane is cut and the root (ratoon) remains in the soil. The treated ratoon grows again and its production is considered economically feasible, on average, for six to seven cuts.

Sugarcane fair value upon harvesting is determined by the harvested amount, valued according to CONSECANA's system, accumulated to the month and computed based on price performance of the Company's goods for Minas Gerais units; as for the Coruripe unit, CONSECANA-AL performance price is used. The fair value of harvested sugarcane will be the cost of the raw material used in the sugar and ethanol production process.

Planted areas represent only sugarcane crops, not considering the land where these are located.

(In thousands of reais)

12. Biological assets (Individual and Consolidated) (Continued)

The fair value of sugarcane crops was determined by using the discounted cash flow method, basically considering:

(a) Cash inflows obtained by multiplying (i) estimated production, measured in kilos of ATR (Total Recoverable Sugar), and (ii) sugarcane future market price, which is estimated based on public data and future price estimates of sugar and ethanol; and

(b) Cash outflows represented by estimates of (i) costs necessary for the biological transformation of the sugarcane (crop handling) up to the harvest; (ii) costs with harvesting/cutting, loading and transport; (iii) capital costs (land and machinery and equipment); (iv) costs of leases and sharecropping; and (v) taxes on positive cash flows.

The following assumptions were used to determine fair value using the discounted cash flow method (consolidated):

	2019	**2018**
Estimated harvest area (in hectares)		
Northeast	**26,996**	26,499
Southeast	**41,322**	43,062
Forecast productivity (in sugarcane tons per hectare)		
Northeast	**75,07**	75,60
Southeast	**90,58**	92,36
Total quantity of recoverable sugar - ATR (kg)		
Northeast - sharecropping	**135,89**	135,00
Northeast – lease	**114,09**	114,09
Southeast - sharecropping	**136,91**	134,57
Southeast – lease	**125,81**	125,81
Projected average ATR price per Kg (R$/kg)		
Northeast	**0.6963**	0.7301
Southeast	**0.6550**	0.6907

Based on the estimates of revenue and costs, the Company determines the future cash flows to be generated and adjusts them to present value, using a discount rate compatible with the remuneration of the investment in the circumstances. Changes in fair value are recorded as biological assets with a corresponding entry to the sub account "Changes in fair value of biological assets", under "Cost of sales" in the statement of profit or loss for the year.

(In thousands of reais)

12. Biological assets (Individual and Consolidated) (Continued)

Changes in biological assets (sugarcane) are as follows:

	2019	2018
Opening balance	235,485	251,784
Fair value variation	**(19,269)**	(24,530)
Increases due to crop handling	**161,618**	152,287
Depletion due to harvest (Note 20)	**(242,400)**	(213,562)
Write-off due to sale of crops	**(11,047)**	(9,709)
Increases due to plantation	**522**	74
Transfer of property, plant and equipment (Note 13)	**111,380**	79,141
Closing balance	**236,289**	235,485

Sharecropping and lease commitments

The Company entered into sharecropping agreements, renewable upon termination and effective between seven and 40 years, for acquisition of sugarcane produced in third-party rural properties. The Company also signed lease agreements for sugarcane production and rent agreements for machinery and equipment.

The amounts to be disbursed according to these agreements are determined at each end of season based on the price of the ton of sugarcane disclosed by Sindaçúcar, for the Northeast region, and by the Consecana methodology, for the Southeast region. Lease agreements are annually restated based on IGP-M. Total payments were estimated disregarding renewals, as follows:

	2019	2018
Sharecropping		
Less than one year	**1,195**	-
More than one year and less than five years	**63,113**	68,735
More than five years	**305,110**	377,440
(-) Present value adjustment	**(226,420)**	(283,906)
	142,998	162,269
Lease		
Less than one year	**319**	-
More than one year and less than five years	**12,027**	15,534
More than five years	**22,346,187**	24,399,387
(-) Present value adjustment	**(21,965,152)**	(24,023,142)
	393,381	391,779
Rent		
Less than one year	**140**	32
More than one year and less than five years	**7,479**	6,741
More than five years	**-**	1,257
(-) Present value adjustment	**(1,583)**	(2,271)
	6,036	5,759

13. Property, plant and equipment

Property, plant and equipment items are measured at the historical acquisition or construction cost, deemed cost, less accumulated depreciation and accumulated impairment losses, if any.

The Company adopted the provision contained in CPC 37 and, following guidance in ICPC 10 – Interpretation on first-time application to property, plant and equipment and investment property of accounting pronouncements CPC 27, CPC 28, CPC 37 and CPC 43, evaluated its buildings, machinery and equipment for a new deemed cost. The effects of deemed cost led to an increase in property, plant and equipment, matched against equity, net of taxes.

Residual value and useful life of the assets, as well as the depreciation methods, are reviewed at year end, and adjusted prospectively. Depreciation is computed under the straight-line method, and for production equipment the accelerated depreciation method is used, observing the sugarcane crushing period.

The Company performs planned major maintenance activities in its plants on an annual basis. This generally occurs in the off-season periods disclosed in Note 1 for the purpose of inspecting and replacing PP&E components. Maintenance expenses leading to extension of the economic useful lives of PP&E items are capitalized, and items suffering wear and tear during the crop are recorded in assets upon replacement and depreciated over the next crop. Maintenance expenses with no impact on the economic useful life of the assets are recognized as expenses when realized. Replaced items are written off.

<u>Impairment of non-financial assets</u>

Property, plant and equipment are annually reviewed to identify evidence of impairment, or whenever events or changes in circumstances indicate impairment.

<u>Land used for planting</u>

As mentioned in Note 10(c), the Company entered into 32 agreements with related party GTW Agronegócios S.A. and individuals of the Tércio Wanderley Group, effective for 50 years. These agreements refer to approximately 32 thousand hectares (32 thousand hectares in 2018) located in the state of Alagoas and 17 thousand hectares (17 thousand hectares in 2018) located in the state of Minas Gerais. At March 31, 2019, these agreements are recognized as operating lease, pursuant to CPC 06 (R1).

(In thousands of reais)

13. Property, plant and equipment (Continued)

Breakdown of balances

		Individual			
		2019			2018
	Average depreciation rate (% p.a.)	Cost	Accumulated depreciation	Net	Net
Aircraft	10%	**2,026**	**(1,250)**	**776**	979
Buildings and improvements	4%	**309,766**	**(125,204)**	**184,562**	192,932
Furniture and fixtures	8%	**18,051**	**(12,915)**	**5,136**	5,504
Machinery and equipment	5%	**1,254,630**	**(812,331)**	**442,299**	454,331
Facilities	4%	**226,871**	**(126,983)**	**99,888**	105,474
Farming implements	7%	**72,595**	**(42,466)**	**30,129**	29,029
Vehicles	20%	**102,484**	**(90,721)**	**11,763**	8,788
IT equipment	10%	**13,890**	**(10,491)**	**3,399**	3,124
Frequently replaced parts and components	100%	**1,084,955**	**(1,009,010)**	**75,945**	99,645
Construction in progress and advances to suppliers	-	**27,088**	**-**	**27,088**	16,855
		3,112,356	**(2,231,371)**	**880,985**	916,661
Land and properties	-	**19,457**	**-**	**19,457**	18,828
Sugarcane plantation	14,3%	**1,120,486**	**(816,744)**	**303,742**	287,756
		4,252,299	**(3,048,115)**	**1,204,184**	1,223,245

		Consolidated			
		2019			2018
	Average depreciation rate (% p.a.)	Cost	Accumulated depreciation	Net	Net
Aircraft	10%	**2,026**	**(1,250)**	**776**	979
Buildings and improvements	4%	**311,526**	**(126,030)**	**185,496**	192,932
Furniture and fixtures	8%	**18,073**	**(12,924)**	**5,149**	5,504
Machinery and equipment	5%	**1,305,139**	**(856,391)**	**448,748**	454,331
Facilities	4%	**228,522**	**(128,272)**	**100,250**	105,474
Farming implements	7%	**72,595**	**(42,466)**	**30,129**	29,029
Vehicles	20%	**102,484**	**(90,721)**	**11,763**	8,788
IT equipment	10%	**13,890**	**(10,491)**	**3,399**	3,124
Frequently replaced parts and components	100%	**1,104,099**	**(1,024,775)**	**79,324**	99,645
Construction in progress and advances to suppliers	-	**27,088**	**-**	**27,088**	16,855
		3,185,442	**(2,293,320)**	**892,122**	916,661
Land and properties	-	**19,457**	**-**	**19,457**	18,828
Sugarcane plantation	14,3%	**1,120,486**	**(816,744)**	**303,742**	287,756
		4,325,385	**(3,110,064)**	**1,215,321**	1,223,245

(In thousands of reais)

13. Property, plant and equipment (Continued)

Changes in balances

	Individual						
	Balance in 2018	Additions	Write-offs	Depreciation	Transfers	Reclassifications (a)	Balance in 2019
Aircraft	979	-	-	(203)	-	-	776
Buildings and improvements	192,932	1,373	-	(10,319)	576	-	184,562
Furniture and fixtures	5,504	881	(32)	(1,242)	25	-	5,136
Machinery and equipment	454,331	23,944	(1,453)	(49,099)	14,576	-	442,299
Facilities	105,474	1,830	-	(9,139)	1,723	-	99,888
Farming implements	29,029	4,872	(48)	(3,724)	-	-	30,129
Vehicles	8,788	8,867	(164)	(5,729)	1	-	11,763
IT equipment	3,124	915	-	(643)	3	-	3,399
Frequently replaced parts and components	99,645	146,421	-	(170,121)	-	-	75,945
Construction in progress and advances to suppliers	16,855	27,229	-	-	(16,904)	(92)	27,088
	916,661	216,332	(1,697)	(250,219)	-	(92)	880,985
Land and properties	18,828	640	(11)	-	-	-	19,457
Sugarcane plantation	287,756	138,790	(11,424)	-	-	(111,380)	303,742
	1,223,245	355,762	(13,132)	(250,219)	-	(111,472)	1,204,184

(a) Amounts referring to reclassification to biological assets (R$111,380) and intangible assets (R$92).

(In thousands of reais)

13. Property, plant and equipment (Continued)

Balance breakdown (Continued)

	Consolidated							
	Balance in 2018	Additions	Write-offs	Depreciation	Transfers	Reclassifications (a)	Acquisition of subsidiary (b)	Balance in 2019
Aircraft	979	**-**	**-**	**(203)**	**-**	**-**	**-**	**776**
Buildings and improvements	192,932	**1,373**	**-**	**(10,323)**	**576**	**-**	**938**	**185,496**
Furniture and fixtures	5,504	**881**	**(32)**	**(1,242)**	**25**	**-**	**13**	**5,149**
Machinery and equipment	454,331	**23,993**	**(1,453)**	**(49,171)**	**14,576**	**-**	**6,472**	**448,748**
Facilities	105,474	**1,830**	**-**	**(9,141)**	**1,723**	**-**	**364**	**100,250**
Farming implements	29,029	**4,872**	**(48)**	**(3,724)**	**-**	**-**	**-**	**30,129**
Vehicles	8,788	**8,867**	**(164)**	**(5,729)**	**1**	**-**	**-**	**11,763**
IT equipment	3,124	**915**	**-**	**(643)**	**3**	**-**	**-**	**3,399**
Frequently replaced parts and components	99,645	**146,421**	**-**	**(170,321)**	**1,604**	**-**	**1,975**	**79,324**
Construction in progress and advances to suppliers	16,855	**27,601**	**-**	**-**	**(18,508)**	**(92)**	**1,232**	**27,088**
	916,661	**216,753**	**(1,697)**	**(250,497)**	**-**	**(92)**	**10,994**	**892,122**
Land and properties	18,828	**640**	**(11)**	**-**	**-**	**-**	**-**	**19,457**
Sugarcane plantation	287,756	**138,790**	**(11,424)**	**-**	**-**	**(111,380)**	**-**	**303,742**
	1,223,245	**356,183**	**(13,132)**	**(250,497)**	**-**	**(111,472)**	**10,994**	**1,215,321**

(a) Amounts referring to reclassification to biological assets (R$111,380) and intangible assets (R$92).

(b) Refers to acquisition of control of Coruripe Energética, whose balances are consolidated as from March 2019.

(In thousands of reais)

13. **Property, plant and equipment** (Continued)

Guarantees

In view of certain loans and financing of the Company, property, plant and equipment items amounting to R$454,716 (R$437,298 in 2018) are given in guarantee to creditors.

Deemed cost

This refers to adoption of a new deemed cost for certain classes of property, plant and equipment, duly supported by an appraisal report prepared by a specialized company, under the terms of ICPC 10 – Interpretation on first-time application to property, plant and equipment and investment property. The accounting effects of the Company's adoption of the deemed cost are as follows:

	Individual		
	Net book value	**Surplus**	**Deemed cost**
Buildings and other properties	165,043	31,521	196,564
Industrial machinery, devices and equipment	420,423	475,409	895,832
	585,466	506,930	1,092,396

At March 31, 2018, the remaining balance of surplus included in property, plant and equipment, of the equity adjustment recorded in equity, and the deferred income and social contribution tax liabilities is R$159,521, R$105,293, and R$54,228 (R$182,207, R$120,256 and R$61,936 in 2018), respectively.

14. Intangible assets (Individual and Consolidated)

Changes in balances

	Balance in 2018	**Additions**	**Write-offs**	**Amortization**	**Reclassifications**	**Balance in 2019**
Software	565	**103**	**-**	**(167)**	**92**	**593**
	565	**103**	**-**	**(167)**	**92**	**593**

(In thousands of reais)

15. Loans and financing (Individual and Consolidated)

Loans and financing are initially recognized at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost.

	2019	2018
Local currency		
Fixed interest from 2.5% to 13.0% p.a.	**162,413**	159,579
TJLP + 3.0% p.a. 50% of IGPM; 40% of IPCA; and 3.5% to 5.5% p.a. + CDI	**1,317,921**	1,260,857
Total in local currency	**1,480,334**	1,420,436
Foreign currency (US$)		
Libor + 4.5% to 6.65% p.a.	**1,030,053**	932,751
Fixed interest from 6.0% to 9.98% p.a.	**217,058**	43,327
Total in foreign currency	**1,247,111**	976,078
	2,727,445	2,396,514
Current	**(905,494)**	(467,324)
Noncurrent	**1,821,951**	1,929,190

Changes in loans and financing for the years ended March 31, 2019 and 2018 are as follows:

	2019	2018
Opening balance	2,396,514	2,382,674
Funding	**802,321**	696,676
Interest and exchange differences incurred	**481,386**	314,145
Payment of principal	**(687,271)**	(736,315)
Payment of interest	**(265,505)**	(260,666)
Closing balance	**2,727,445**	2,396,514

The amounts maturing in the long-term are broken down as follows:

Year	2019	2018
2019/2020 crop	**-**	469,245
2020/2021 crop	**667,478**	518,667
2021/2022 crop	**625,840**	466,973
2022/2023 crop	**511,662**	464,477
2023/2024 crop onwards	**16,971**	9,828
	1,821,951	1,929,190

These loans are guaranteed by shareholders' collateral signatures, pledge of financed assets, promissory notes, and accounts receivable for exports.

(In thousands of reais)

15. Loans and financing (Individual and Consolidated) (Continued)

Covenants

The Company entered into agreements with the financial institutions Santander, Itaú Unibanco, JP Morgan, Banco do Brasil, Citibank, Rabobank, HSBC, Credit Suisse, ABN, Amerra, Sucden, CRA01, CRA02, CRA03, and AF that require the maintenance of economic and financial ratios at certain levels. At March 31, 2019, main financial ratios that the Company needs to meet are the following, all calculated as required by covenants and determined based on the book balances contained in the consolidated financial statements, according to waiver letters approved by the banks and other creditors:

i. Equity to total assets ratio ≥ 18.0%;
ii. Net debt to EBITDA ratio (excluding capex) ≤ 8.50;
iii. Adjusted EBITDA to net finance cost ratio (excluding foreign exchange differences and provision for present value adjustment IAA/4870) ≥ 2.5;
iv. Adjusted net debt to EBITDA ratio ≥ 3.0;
v. Current liquidity ≥ 1.0; and
vi. Limit of advances per exchange contract: USD100. 000 thousand.

For the year ended March 31, 2019, all contractual covenant ratios were met by the Company.

16. Taxes payable

	Individual			Consolidated		
	03/31/2019	**03/31/2018**	**04/01/2017**	**03/31/2019**	**03/31/2018**	**04/01/2017**
Taxes payable in installments:		(restated)			(restated)	
Installment payment of ICMS AL	**6,994**	8,145	9,160	**6,994**	8,145	9,160
Installment payment of ICMS MG	**1,682**	1,714	514	**1,682**	1,714	514
Installment payment of federal taxes	**-**	9,773	10,280	**-**	9,773	10,280
	8,676	19,632	19,954	**8,676**	19,632	19,954
Taxes payable:						
Withholding income tax (IRRF)	**1,642**	4,843	2,408	**1,642**	4,843	2,408
Tax on Financial Transactions (IOF)	**6,325**	6,325	4,494	**8,683**	6,325	4,494
Social Security Tax (INSS)	**4,393**	3,327	86,304	**4,393**	3,327	86,304
PIS and COFINS payable	**-**	41	41	**-**	41	41
Deferred PIS and COFINS - IAA 4870	**89,178**	12,162	9,404	**89,178**	12,162	9,404
ICMS payable	**2,841**	210	511	**2,841**	210	511
Provision for IRPJ and CSLL	**8,440**	12,334	31,793	**8,642**	12,334	31,793
Other taxes and contributions	**815**	664	1,406	**882**	664	1,406
	113,634	39,906	136,361	**116,261**	39,906	136,361
	122,310	59,538	156,315	**124,937**	59,538	156,315
Current	**(26,816)**	(45,973)	(137,791)	**(29,443)**	(45,973)	(137,791)
Noncurrent	**95,494**	13,565	18,524	**95,494**	13,565	18,524

(In thousands of reais)

16. Taxes payable (Continued)

The amounts maturing in the long-term are broken down as follows:

	Individual	
Year	2019	2018
2019/2020 crop	-	1,867
2020/2021 crop	**1,831**	1,354
2021/2022 crop	**1,687**	1,354
2022/2023 crop	**1,399**	1,354
2023/2024 crop onwards	**90,577**	7,636
	95,494	13,565

17. Provision for contingencies (Individual and Consolidated)

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events and it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are set up, reviewed and adjusted to reflect the best estimate at the reporting dates.

Probable losses

The Company, based on the assessment of its legal advisors, maintains the following provisions for probable losses:

	2019	2018
Labor contingencies	**4,525**	1,339
Civil contingencies	**4,231**	4,118
	8,756	5,457

Changes in provisions for contingencies are as follows:

	Tax	Civil	Environmental	Labor	Total
Balances at March 31, 2017	558	4,118	76	1,339	6,091
Reversals/payments	(558)	-	(76)	-	(634)
Balances at March 31, 2018	-	4,118	-	1,339	5,457
Reversals/payments	**-**	**113**	**-**	**3,186**	**3,299**
Balances at March 31, 2019	**-**	**4,231**	**-**	**4,525**	**8,756**

(In thousands of reais)

17. Provision for contingencies (Individual and Consolidated) (Continued)

Possible losses

Legal claims classified as probable losses, based on the opinion of legal advisors, and for which a provision was not recognized, refer to various civil and labor-related suits brought by individuals and legal entities involving property damages and/or pain and suffering, and labor claims, in the amount of R$163,692 (R$163,659 in 2018).

	2019	2018
Labor contingencies	**3,271**	5,879
Civil contingencies	**71,213**	68,046
Tax contingencies	**88,752**	89,704
Environmental contingencies	**456**	30
	163,692	163,659

The major civil and tax proceedings classified as possible loss by management, based on the opinion of its legal advisors, are described below:

Tax

Proceeding No. 10410.720364/2017-98

Imposition of qualified specific fine, provided for in item 10, article 89 of Law No. 8212/91, arising from disallowance of offset of INSS debts against PIS and COFINS credits between 2014 and 2016, totaling approximately R$78,500. After the notice in March 2017, the Company pushed back the credits used and the debts offset initially, including them in the Tax Settlement Program (PRT).

In addition to the proceeding, the Brazilian IRS decided to impose a qualified specific fine of 150% on the debt, under the allegation that the Company acted in bad faith when conducting the offsets. The decision handed down by the Administrative Board of Tax Appeals (CARF) was favorable to the Brazilian IRS by casting vote. The Company filed petition at the lower court seeking illegality and elimination of the fine imposed thereon. According to the legal advisors, the likelihood of loss is considered possible.

17. Provision for contingencies (Individual and Consolidated) (Continued)

Possible losses (Continued)

Civil

Proceeding No. 0714498-70.2016.8.02.0001

Legal enforcement action arising from the sale of IPI credits to third parties, disallowed by the Brazilian IRS, in the amount of R$43,367. The plaintiff seeks refund of the credits due to non-compliance with contractual provisions.

The Company and its legal advisors claim the expiry and tacit approval of the credits, as well as non-compliance of contractual exception by the customer buyer. According to the legal advisors, the likelihood of loss is considered possible.

Proceeding No. 071877306.2016.8.02.0001

Legal enforcement action arising from the sale of IPI credits to third parties, disallowed by the Brazilian IRS, in the amount of R$21,342. The plaintiff seeks refund of the credits due to non-compliance with contractual provisions.

The Company and its legal advisors claim the expiry and tacit approval of the credits, as well as non-compliance of contractual exception by the customer buyer. According to the legal advisors, the likelihood of loss is considered possible.

The Company is subject to local, state and federal environmental laws and regulations, and its policy involves strict compliance therewith. Accordingly, management does not anticipate restoration costs or penalties of any type.

18. Equity

a) Capital

At March 2019 and 2018, subscribed and paid-in capital amounts to R$408,845, comprising 1,400 common registered shares, with no par value, all of which are held by Coruripe Holding S.A.

(In thousands of reais)

18. **Equity** (Continued)

b) Equity adjustment: deemed cost

As mentioned in Note 14, this corresponds to deemed cost surplus of Buildings and facilities and Machinery and equipment. Amounts are recorded net of tax effects and their realization is based on depreciation, write-offs, or disposals of related assets. Realized amounts are transferred to "Retained earnings (accumulated losses)".

Changes in equity adjustment are as follows:

	2019	2018
Opening balance	120,256	135,811
Realization of deemed cost	**(14,963)**	(15,555)
Closing balance	**105,293**	120,256

c) Revaluation reserve

The Company revalued certain classes of its property, plant and equipment in prior years. At March 31, 2018, the remaining balance of this reserve is R$2,986 (R$13,044 in 2018).

d) Allocation of income

Net income for the years ended March 31, 2019 and 2018 were allocated by management as follows:

	2019	2018 (*)
Net income for the year	**206,871**	44,766
(-) Offset of losses	**-**	(38,164)
	206,871	6,602
Legal reserve – 5%	**(10,344)**	(330)
	196,527	6,272
Realization of revaluation reserve	**10,058**	10,573
Realization of deemed cost	**14,963**	15,555
Calculation base for distribution	**221,548**	32,400
Mandatory minimum dividends - 25%	**55,387**	8,100

(*) Amounts calculated and approved at Shareholders' Meeting before the adjustments mentioned in Note 3.

18. Equity (Continued)

d) Allocation of income (Continued)

The payment of mandatory minimum dividends proposed at March 31, 2017 of R$44,860 was resolved and approved at the Annual Shareholders’ Meeting held on June 28, 2017. At the time, the payment of additional dividends was also approved, in the amount of R$21,670.

However, at the Special Shareholders’ Meeting of September 29, 2017 the shareholders approved the correction of the resolution regarding dividends proposed at the Annual Shareholders’ Meeting of June 28, 2017. As such, mandatory minimum dividends of R$44,860 and additional dividends of R$21,670 were not distributed, given the contractual obligation to restructure the Company's debt. Accordingly, mandatory minimum dividends were reversed to the retained profits reserve, based on paragraph 3, article 202 of the Corporation Law.

On July 30, 2018, the shareholders resolved at the Annual Shareholders' Meeting not to distribute dividends to shareholders given the restructuring of the Company's debt in June 2016. Accordingly, the shareholders ratified all the terms of the debt restructuring agreement, and reclassified the amount of R$8,100, referring to mandatory minimum dividends, to equity.

19. Net operating revenue

CPC 47 – Revenue from contracts with customers introduced a comprehensive structure to determine if, when and by how much revenue is recognized. CPC 47 replaces the revenue recognition guidance brought by CPC 30 – Revenue and CPC 17 – Construction contracts.

As disclosed in the annual financial statements as of March 31, 2018, the Company did not identify significant impacts on the recognition of revenues. The Company adopted CPC 47 using the cumulative effect method (without practical expedients), with effect of first-time adoption of the standard on April 1, 2018. Consequently, the information as of March 31, 2018 was not restated as a result of adoption of such accounting standard, that is, it is stated as previously reported under CPC 30 and related interpretations. In addition, the disclosure requirements of CPC 47, in general, were not applied to the comparative information.

(In thousands of reais)

19. Net operating revenue (Continued)

The Company sales sugar, ethanol, electric power, molasses, sugarcane bagasse, steam, among other products. For recognition of revenue, the Company follows the conceptual framework of the standard: identification of contracts with customers, identification of the performance obligations established in the agreements, determination of the transaction price, and transaction price allocation. In addition, sales of products are recognized whenever control over the products are transferred to the customer. Transfer of control only takes place after occurrence of the following events: (i) the products have been sent to a specified place; (ii) the risk of loss has been transferred to the customer; (iii) the customer has accepted the products according to the sale agreement; and (iv) the acceptance conditions have been agreed upon, or the Company has objective evidence that all criteria for acceptance have been met.

	Individual		Consolidated	
	2019	2018	2019	2018
Gross operating revenue				
VHP Sugar	**924,037**	1,216,545	**924,037**	1,216,545
Sanding sugar	**136,137**	116,578	**136,137**	116,578
Anhydrous ethanol - Fuel	**476,835**	485,251	**476,835**	485,251
Hydrated ethanol - Fuel	**456,209**	349,574	**456,209**	349,574
Power sales - production	**51,974**	45,903	**52,228**	45,903
Steam power sales	**898**	782	**898**	782
Molasses	**25,199**	28,199	**25,199**	28,199
Service revenue	**5,710**	5,162	**5,710**	5,162
Revenue from power - resale	**23,261**	-	**23,261**	-
Other sales revenue	**22,667**	41,437	**22,667**	41,437
	2,122,927	2,289,431	**2,123,181**	2,289,431
Sales deductions	**(118,820)**	(83,142)	**(118,829)**	(83,142)
Net operating revenue	**2,004,107**	2,206,289	**2,004,352**	2,206,289

Revenue is stated net of taxes (IPI, ICMS, PIS, COFINS and INSS, among others), returns, rebates and discounts, as well as elimination of intercompany sales, in the case of the consolidated financial statements.

Sales taxes

The Company's sales revenues are subject to the following taxes and contributions, at the following statutory rates:

PIS: on ethanol sales, R$23.38 per m^3; for sugar sales the rate is zero; for other revenues, 1.65%;

19. Net operating revenue (Continued)

Sales taxes (Continued)

COFINS: on ethanol sales, R$ 107.52 per m^3; for sugar sales the rate is zero; for other revenues, 7.60%;

IPI: for sugar sales the rate is zero and for ethanol sales no taxation is applicable;

ICMS:

(i) Electric power: 12% to 18% for intrastate operations in the state of Minas Gerais. Interstate operations are not subject to ICMS; taxation on sales to electric power operators is deferred;

(ii) Electric power: 18% for intrastate operations in the state of Alagoas. Interstate operations are not subject to ICMS; taxation on sales to electric power operators is deferred; all power sales contracts in the state of Alagoas are refer to interstate operations.

(iii) Anhydrous ethanol: taxation is deferred on intrastate and interstate operations in the states of Minas Gerais and Alagoas.

(iv) Hydrated ethanol: 12% for interstate operations and 25% for intrastate operations in the state of Alagoas. In Minas Gerais, the rate is 7% to 12% for interstate operations and 12% for intrastate operations; and

(v) Sugar: In the state of Alagoas, 7% to 18% for intrastate operations and 12% for interstate operations. In the state of Minas Gerais, from 7% to 12% for intrastate operations and from 7% to 12% for interstate operations.

INSS - calculated on sale of agroindustrial rural products (gross revenue) intended for the domestic market at the rate of 2.85%.

Tax credits on sales

ICMS:

(i) ICMS matching credit:

  a. 2.5% on total sales in the state of Minas Gerais, including export;
  b. 7% on sales of sanding sugar in the state of Alagoas;
  c. 9% on sales of sanding sugar outside the state of Alagoas;
  d. 6% on exports of VHP sugar; and
  e. 12% on sales of hydrated ethanol in and outside the state of Alagoas.

(ii) Special Regime for Reintegration of Tax Amounts (REINTEGRA) credit of 0.1% on total exports (2% in 2018).

S/A Usina Coruripe Açúcar e Álcool

Notes to financial statements (Continued)
March 31, 2019
(In thousands of reais)

20. Cost of sales and operating expenses

Operating costs and expenses are broken down by nature as follows:

	Individual		Consolidated	
	2019	2018	2019	2018
Cost of sales	**(1,601,117)**	(1,686,576)	**(1,601,634)**	(1,686,576)
Selling expenses	**(96,775)**	(110,338)	**(96,775)**	(110,338)
General and administrative expenses	**(127,382)**	(128,194)	**(127,394)**	(128,194)
	(1,825,274)	(1,925,108)	**(1,825,803)**	(1,925,108)

	Individual		Consolidated	
	2019	2018	2019	2018
Cost of sales				
Cost of resale of electric power	**(23,261)**	-	**(23,261)**	-
Personnel	**(273,991)**	(299,145)	**(274,039)**	(299,145)
Raw materials	**(509,818)**	(557,982)	**(509,818)**	(557,982)
Changes in the fair value of biological assets	**(19,269)**	(24,530)	**(19,269)**	(24,530)
Chemical products	**(13,548)**	(15,484)	**(13,548)**	(15,484)
Outsourced labor	**(51,807)**	(65,691)	**(51,856)**	(65,691)
Rent and lease	**(11,973)**	(15,899)	**(11,973)**	(15,899)
Fuel and lubricants	**(41,170)**	(45,751)	**(41,170)**	(45,751)
Agricultural inputs	**(66,609)**	(68,735)	**(66,609)**	(68,735)
Maintenance material	**(63,632)**	(78,164)	**(63,632)**	(78,164)
Depreciation and amortization	**(242,812)**	(222,449)	**(243,091)**	(222,449)
Absorption of costs: depletion of harvested sugarcane	**(67,838)**	(56,436)	**(67,838)**	(56,436)
Absorption of costs: handling of harvested sugarcane	**(174,562)**	(176,122)	**(174,562)**	(176,122)
Electric power	**(18,502)**	(19,476)	**(18,502)**	(19,476)
Freight and carriage	**(305)**	(1,549)	**(305)**	(1,549)
Workers' transportation programs	**(20,894)**	(30,908)	**(20,894)**	(30,908)
Other	**(1,126)**	(8,255)	**(1,267)**	(8,255)
	(1,601,117)	(1,686,576)	**(1,601,634)**	(1,686,576)
Selling expenses				
Personnel	**(8,458)**	(7,819)	**(8,458)**	(7,819)
Outsourced labor	**(7,443)**	(9,743)	**(7,443)**	(9,743)
Rent and lease	**(338)**	(295)	**(338)**	(295)
Fuel and lubricants	**(92)**	(138)	**(92)**	(138)
Maintenance material	**(783)**	(971)	**(783)**	(971)
Depreciation and amortization	**(3,509)**	(3,553)	**(3,509)**	(3,553)
Electric power	**(707)**	(620)	**(707)**	(620)
Freight and carriage	**(72,001)**	(84,637)	**(72,001)**	(84,637)
Workers' transportation programs	**(327)**	(308)	**(327)**	(308)
Commissions and brokerage fees	**(1,861)**	(1,840)	**(1,861)**	(1,840)
Other	**(1,256)**	(414)	**(1,256)**	(414)
	(96,775)	(110,338)	**(96,775)**	(110,338)

(In thousands of reais)

20. Cost of sales and operating expenses (Continued)

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
General and administrative expenses				
Personnel	**(78,855)**	(72,845)	**(78,855)**	(72,845)
Outsourced labor	**(18,178)**	(24,893)	**(18,179)**	(24,893)
Rent and lease	**(2,177)**	(1,535)	**(2,177)**	(1,535)
Fuel and lubricants	**(422)**	(322)	**(422)**	(322)
Maintenance material	**(3,688)**	(3,358)	**(3,688)**	(3,358)
Depreciation and amortization	**(4,065)**	(4,344)	**(4,065)**	(4,344)
Electric power	**(132)**	(117)	**(132)**	(117)
Freight and carriage	**-**	(203)	**-**	(203)
Workers' transportation programs	**(1,797)**	(1,972)	**(1,797)**	(1,972)
Other	**(18,068)**	(18,605)	**(18,079)**	(18,605)
	(127,382)	(128,194)	**(127,394)**	(128,194)

21. Finance income (costs)

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
Finance income		(restated)		(restated)
Gains on derivatives transactions	**18,672**	14,518	**18,672**	14,518
Short-term investment yield	**11,775**	11,800	**11,781**	11,800
Foreign exchange gains	**311,692**	164,294	**311,692**	164,294
Monetary differences on IAA 4870 credits (Note 9)	**59,483**	59,305	**59,483**	59,305
Present value adjustment of credits - IAA 4870 (Note 9)	**736,378**	-	**736,378**	-
Interest on intercompany loans	**5,972**	8,005	**5,972**	8,005
Other finance income	**25,403**	2,212	**25,403**	2,154
	1,169,375	260,134	**1,169,381**	260,076
Finance costs				
Losses on operating derivative transactions	**(49,234)**	(5,675)	**(49,234)**	(5,675)
Foreign exchange losses	**(511,060)**	(213,208)	**(511,060)**	(213,208)
Deferred PIS and COFINS on credits - IAA 4870	**(75,692)**	(1,424)	**(75,692)**	(1,424)
Monetary restatement of provision for lawyers' fees - IAA 4870	**(101,472)**	(7,562)	**(101,472)**	(7,562)
Interest on loans and financing	**(270,265)**	(258,757)	**(270,265)**	(258,757)
Interest on intercompany loans	**(459)**	-	**(315)**	-
Other finance costs	**(47,670)**	(12,465)	**(47,673)**	(12,465)
	(1,055,852)	(499,091)	**(1,055,711)**	(499,091)
Finance income (costs)	**113,523**	(238,957)	**113,670**	(239,015)

(In thousands of reais)

22. Other operating income, net

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
Miscellaneous income	**3,566**	851	**3,566**	851
Revenue from scrap sold	**8,007**	7,554	**8,007**	7,554
Previously unused ICMS ST credits	**-**	2,296	**-**	2,296
Previously unused IPI credits (a)	**2,881**	4,131	**2,881**	4,131
Income from unused PIS and COFINS credits (b)	**44,359**	-	**44,359**	-
Revenue from sale of permanent assets	**2,249**	5,387	**2,249**	5,387
Write-off of residual value upon sale of permanent assets	**(1,710)**	-	**(1,710)**	-
Revenue from ratoon sold	**24,579**	58,331	**24,579**	58,331
Write-off of residual value upon sale of ratoon	**(22,472)**	(43,043)	**(22,472)**	(43,043)
Other expenses, net	**(3,681)**	(3,963)	**(3,705)**	(3,963)
	57,778	31,544	**57,754**	31,544

(a) These refer to previously unused Federal VAT (IPI) credits on raw materials, intermediate products and packaging materials, upon acquisitions from Wholesalers, in accordance with the IPI Regulations, articles 14, 226 and 227.

(b) These refer substantially to PIS and COFINS credits referred to in Note 8.

23. Income and social contribution taxes

Deferred income and social contribution taxes are computed on income and social contribution tax losses and the corresponding temporary differences between the tax bases of tax on assets and liabilities and the book value of the financial statements.

Deferred tax assets are recognized to the extent that it is probable that there will be future taxable profit available to offset temporary differences and/or tax losses, based on deferred income projections prepared considering internal assumptions and future economic scenarios that may, therefore, suffer changes.

(In thousands of reais)

23. Income and social contribution taxes (Company and Consolidated)

Breakdown of deferred income and social contribution taxes, recognized in P&L, is as follows:

	Individual		Consolidated	
	2019	2018	2019	2018
		(restated)		(restated)
Current:				
Income tax	**(6,615)**	(17,386)	**(6,663)**	(17,386)
Social contribution tax	**(2,442)**	(6,700)	**(2,459)**	(6,700)
	(9,057)	(24,086)	**(9,122)**	(24,086)
Deferred:				
Income tax	**(99,410)**	4,336	**(99,410)**	4,336
Social contribution tax	**(35,791)**	1,562	**(35,791)**	1,562
	(135,201)	5,898	**(135,201)**	5,898
	(144,258)	(18,188)	**(144,323)**	(18,188)

Deferred income and social contribution tax assets and liabilities

Breakdown of deferred income and social contribution taxes is as follows:

	Individual		
	03/31/2019	03/31/2018	04/01/2018
Assets:		(restated)	
Temporary differences			
Provision for losses on trade accounts receivable and advances to suppliers	**7,296**	6,545	6,684
Provision for contingencies	**2,977**	1,855	2,260
Income and social contribution tax losses	**160,240**	166,085	231,768
Net losses on derivative financial instruments	**1,287**	87	-
Provision for lawyer's fees – IAA 4870 (Note 9)	**118,054**	-	-
Fair value of biological assets (Note 12)	**6,552**	8,340	-
	296,406	182,912	240,712
Liabilities:			
Revaluation of property, plant and equipment	**1,538**	6,719	12,166
Net gains on derivative financial instruments	**-**	-	3,305
Adoption of deemed cost (Note 13)	**54,228**	61,936	69,963
Useful life of property, plant and equipment	**12,609**	14,486	14,464
Fair value of biological assets (Note 12)	**-**	-	2,776
Present value of IAA credits (Note 9)	**821,451**	550,858	530,693
	889,826	633,999	633,367
Deferred income and social contribution tax liabilities, net	**593,420**	451,087	392,655

Deferred tax assets and liabilities are presented net in the statement of financial position when there is a legally enforceable right and the intention to offset them on the calculation of current taxes and when related to the same tax authority.

(In thousands of reais)

23. Income and social contribution taxes (Continued)

Deferred income and social contribution tax assets and liabilities (Continued)

Total amounts of deferred tax credits expected to be recovered, indicated by taxable income projections, approved by Management, including the expected realization of temporary differences, are as follows:

	Individual	
Year	2019	2018
2018/2019 crop	-	22,682
2019/2020 crop	**55,304**	34,281
2020/2021 crop	**62,576**	38,789
2021/2022 crop	**69,028**	42,788
2022/2023 crop onwards	**109,498**	44,372
	296,406	182,912

Deferred income and social contribution tax liabilities are substantially realized according to depreciation and write-off of property, plant and equipment which originated them (accelerated depreciation, deemed cost and revaluation). Realization of this liability is estimated at the average rate of 9% per year, according to the depreciation rates of the respective property, plant and equipment items.

In addition, a significant portion of the deferred income and social contribution tax liabilities refers to evaluation of fair value of IAA indemnification credits (Note 9), which should be realized as from the receipt of the indemnification, which was estimated by the Company's legal advisors to occur as from the 2022/2023 crop.

24. Commitments and obligations (Individual)

The Company establishes various commitments in the ordinary course of its business. Following are those worth mentioning in these financial statements:

Sales

The Company has future sugar sales commitments in the foreign market which will be produced and delivered in subsequent crops. Selling prices were not all previously determined, which exposes the Company to market fluctuations. As at March 31, 2019, the Company is covered (fixed prices) for USD 97,279 thousand (USD 62,056 thousand in 2018) in connection with future sales.

(In thousands of reais)

24. Commitments and obligations (Individual) (Continued)

Sales (Continued)

The following quantities are stated in tons:

2019				
Agreed amount	**Amount contracted as from 04/01/18**	**Amount shipped until 03/31/19**	**Amount to be shipped**	**Maturity**
1,778,500	**1,021,000**	**(811,595)**	**1,987,905**	**Until 2021/2022 crop**

2018				
Agreed amount	**Amount contracted as from 04/01/18**	**Amount shipped until 03/31/2018**	**Amount to be shipped**	**Maturity**
2,020,000	691,171	(932,671)	1,778,500	**Until 2021/2022 crop**

Purchases

The Company has several sugarcane purchase agreements with third parties, in order to ensure part of its production in following harvests. The amount of sugarcane to be acquired has been calculated based on an estimate of the quantity to be crushed by area. The amount to be paid by the Company will be determined at the end of each harvest, according to the amount of sales made and proportionally to the volume crushed of sugarcane and Total Recoverable Sugar (ATR) of each purchase.

Purchase commitments per crop, in tons, at March 31, 2019 and 2018, are shown below:

Crop	2019	2018
2018/2019 crop	**-**	8,630,000
2019/2020 crop	**8,750,000**	8,630,000
2020/2021 crop	**8,750,000**	8,630,000
2021/2022 crop	**8,750,000**	8,630,000
2022/2023 crop onwards	**43,750,000**	25,890,000
	70,000,000	60,410,000

24. Commitments and obligations (Individual) (Continued)

Purchases (Continued)

At March 31, 2019 and 2018, regular sugarcane crushing capacity for the following harvest, considering all units of the Company, is 14,400 thousand tons (unaudited).

Electric power supply agreement

The Company entered into an agreement with Eletrobras, within PROINFA (Alternative Electric Power Sources Incentive Program), for the supply of electric power generated by its Biomass Thermopower Plant located in the city of Coruripe (AL) for 20 years and effective as from January 2, 2006, in the aggregate amount of R$ 159,954 with adjustable power rate tariffs. In addition, it also has agreements for the supply of electric power related to the units located in Minas Gerais, entered into with EDP Comercialização e Serviços de Energia Ltda., with two agreements as follows: agreement 01 with a supply period from April 1, 2018 to December 31, 2018, beginning again on April 1, 2019 to December 31, 2019, in the aggregate amount of R$30,984 (two-year agreement with adjustable power rate tariffs), and agreement 02 with a supply period from April 1, 2018 to November 30, 2018, beginning again on April 1, 2019 to November 30, 2019, in the aggregate amount of R$63,520 (two-year agreement with adjustable power rate tariffs).

Guarantees given to sugarcane suppliers

The Company provides guarantees for various financing lines of its sugarcane suppliers taken out with financial institutions. At March 31, 2019, these commitments amounted to R$236,079 (R$224,074 in 2018). All guarantees provided by the Company are matched against equivalent Rural Product Notes (sugarcane) of producers, pledge of sugarcane and, in certain cases, the land of the supplier, guaranteeing any non-compliance with the obligations of producers so collateralized.

25. Risk management and derivative financial instruments

The Company is exposed to market risks, including currency risk, commodity price volatility risk, interest rate risk, credit risk and liquidity risk. Management believes that risk management is vital for: (i) continuous monitoring exposure levels in relation to volume of contracted sales; (ii) estimate of each risk's value based on the limits of currency exposure and sugar sale prices determined; and (iii) estimate of future cash flows and determination of limits for approving and contracting financial instruments in order to determine price of products and hedging against currency fluctuation and price volatility.

Derivative financial instruments are taken out solely for the purpose of pricing and hedging the Company's sugar export transactions and financial liabilities against currency risk and sugar price fluctuation in the international market, and foreign exchange differences. The Company engages in no transactions involving financial instruments for speculation purposes.

Market risk

a) *Currency risk*

Management has established a policy that requires Group companies to manage their currency risk in order to reduce the potential impact entailed by this currency mismatch in their cash flows.

In order to manage its currency risk, the Company uses forward contracts, swap and NDFs. The Company's risk management policy is to hedge the highest possible volume of cash flows, especially related to exports and debts within 24 months or in two crops.

(In thousands of reais)

25. Risk management and derivative financial instruments (Individual and Consolidated) (Continued)

Market risk (Continued)

a) *Currency risk* (Continued)

Assets and liabilities exposed to currency fluctuation

The table below summarizes foreign currency-denominated assets and liabilities (mainly US dollars - US$), recorded in the consolidated statement of financial position at March 31, 2019:

	Individual			
	2019		2018	
	R$	US$	R$	US$
Assets				
Cash and cash equivalents (Note 4)	**153,793**	**39,471**	27,035	8,134
Trade accounts receivable (Note 6)	**26,164**	**6,715**	1,018	306
	179,957	**46,185**	28,053	8,440
Liabilities				
Loans and financing (Note 15)	**(1,247,111)**	**(320,067)**	(976,078)	(292,974)
Derivative financial instruments (Note 25)	**(3,785)**	**(971)**	(258)	(77)
	(1,250,896)	**(321,038)**	(976,336)	(293,051)
Net exposure	**(1,070,939)**	**(274,853)**	(948,283)	(284,611)

These assets and liabilities were restated and recorded in the financial statements at March 31, 2019 at the exchange rate prevailing at that date, with R$ 3.8964 per US$1.00 for assets and liabilities (R$ 3.3235 per US$1.00 in 2018), representing an increase of 17.24% in relation to the previous year.

b) *Volatility risk related to the price of commodities*

The Company is exposed to the risk of changes in the commodity prices of manufactured products such as sugar and ethanol. As at March 31, 2019, 304,903 (173,740 in 2018) tons of sugar were priced with commercial partners expected to be delivered as from April 2019 with a fixed average price of R$ 14.47 ¢/lb (R$16.20 ¢/lb in 2018) (US dollar cents per pound weight) with POL premium included.

25. Risk management and derivative financial instruments (Individual and Consolidated) (Continued)

Market risk (Continued)

c) *Cash flow risk or fair value associated with interest rate*

The Company makes it a practice to raise loans and financing mainly pegged to floating rates. Regarding loans and financing in local currency, the risk of fluctuation in interest rates is naturally mitigated as investments are all remunerated at floating rates. As for loans and financing in foreign currency, the Company partially hedges debts of this nature using derivative financial instruments.

d) Sensitivity analysis required

The accounting practices adopted in Brazil establish that companies must disclose, in a specific note, qualitative and quantitative information about all their financial instruments, whether or not recorded as assets or liabilities in these companies' statement of financial position.

The Company's financial instruments are represented by cash and cash equivalents, accounts receivable and payable, judicial deposits, and loans and financing, recorded at amortized cost and fair value through profit or loss (Note 2.10) and whose amounts as at March 31, 2019 and 2018 approximate market value. In addition, the Company operates with derivative financial instruments, which are recorded at fair value through profit or loss. Major risks relating to Company operations are pegged to Selic, Interbank Deposit Certificates (CDI) and US dollar fluctuation.

Loans refer to operations whose recorded amount approximates market value of these financial instruments. CDI investments are recorded at market value, at the rates disclosed by the corresponding financial institutions. Other investments mostly refer to Bank Deposit Certificates and repurchase agreements. Therefore, the amount recorded for these investments does not differ from market value.

(In thousands of reais)

25. Risk management and derivative financial instruments (Individual and Consolidated) (Continued)

Market risk (Continued)

d) *Sensitivity analysis required* (Continued)

In order to check sensitivity of the indexes to which the Company was exposed as at March 31, 2019, different scenarios were defined, using the last interest rates and inflation rates accumulated in the last twelve months (Scenario I) and, as from this scenario, variations of 25% (Scenario II) and of 50% (Scenario III) were calculated, to analyze the increase and decrease of these rates. For each scenario, a net position was calculated (finance income less finance costs), not taking into consideration the tax effect. Base date used was March 31, 2019, projecting one year and checking sensitivity to TJLP, Libor, Selic, CDI, and to US dollar, in each scenario.

As at March 31, 2019, the scenario considers an annual weighted average rate referring to floating interest for Company loans and financing of 9.59%, and for short-term investments and loans and financing pegged to CDI, CDI of accumulated 6.33% realized in the last 12 months. In both cases, simulations were conducted, considering increase and decrease of 25% and 50%. The results of this sensitivity analysis are as follows:

Interest rate sensitivity

Instrument/operations	Probable scenario	Risk	Probable scenario	25%	50%	- 25%	- 50%
Loans and financing	6.40%	CDI increase	**1,317,921**	**21,087**	**42,173**	**(21,087)**	**(42,173)**
Loans and financing	2.66%	Libor increase	**1,030,053**	**6,850**	**13,700**	**(6,850)**	**(13,700)**
Short-term investments	6.40%	CDI decrease	**130,407**	**2,087**	**4,173**	**(2,087)**	**(4,173)**
Projected net income (loss)			**2,478,381**	**30,023**	**60,046**	**(30,023)**	**(60,046)**

(In thousands of reais)

25. Risk management and derivative financial instruments (Individual and Consolidated) (Continued)

Market risk (Continued)

d) Sensitivity analysis required (Continued)

The probable scenario considers the position as at March 31, 2019. The effects of the possible and remote scenarios that would be posted to P&L as income (expense) relating to exchange differences are as follows:

Exchange fluctuation effects

Instrument/operations	Current rate	Risk	Probable scenario	25%	50%	- 25%	- 50%
Loans and financing	3.8964	Dollar increase	**1,247,111**	**311,778**	**623,556**	**(311,778)**	**(623,556)**
Cash and cash equivalents	3.8964	Dollar decrease	**153,793**	**38,448**	**76,897**	**(38,448)**	**(76,897)**
Trade accounts receivable	3.8964	Dollar decrease	**26,164**	**6,541**	**13,082**	**(6,541)**	**(13082)**
Projected net income (loss)			**1,427,068**	**356,767**	**713,534**	**(356,767)**	**(713,534)**

Sensitivity on variation of fair value of derivative financial instruments

Instrument/operations	Risk	Probabl e scenario	25%	50%	- 25%	- 50%
Price risk						
Goods' derivatives						
Futures contracts						
Sale and purchase commitments*	Increase in sugar price	**648,791**	**162,198**	**324,395**	**(162,198)**	**(324,198)**
Currency risk						
Futures contracts:						
Sale and purchase commitments	Dollar increase	**(3,438)**	**(859)**	**(1,719)**	**859**	**1,719**
Interest rate risk						
Swap, forward and futures contracts	Decrease in interest rate	**(347)**	**(87)**	**(174)**	**87**	**174**
Projected net income (loss)		**645,006**	**161,252**	**322,502**	**(161,252)**	**(322,502)**

* Amount equivalent to balance to be determined referring to existing contract based on NY sugar stock exchange and dollar rate on 03/31/2019

(In thousands of reais)

25. Risk management and derivative financial instruments (Individual and Consolidated) (Continued)

Market risk (Continued)

e) *Derivative financial instruments*

	2019	2018
Current assets		
Derivatives not designated as hedge		
Non-deliverable forwards (NDF)	**-**	239
	-	239
Current liabilities		
Derivatives not designated as hedge		
Non-deliverable forwards (NDF)	**3,785**	497
	3,785	497

The Company uses derivative operations to manage cash flow risks arising from export revenues denominated in US dollars and other export financing, net of other foreign currency denominated cash flows. The consolidated positions outstanding at March 31, 2019 and 2018 for derivatives used by the Company to hedge against the currency risk are as follows:

March 31, 2019	Maturity	Fair value	P&L (*)
Currency risk			
Liabilities – Forward contracts:			
Sales commitments and swap contracts	From 06/22/2018 to 05/15/2019	**(3,785)**	**(3,785)**
			(3,785)

(*) Amount matched against profit or loss referring to outstanding contracts at March 31, 2019.

March 31, 2018	Maturity	Fair value	P&L (*)
Currency risk			
Assets – Forward contracts:			
Sales commitments and *swap* contracts	From 05/31/2017 to 11/15/2017	239	239
			239
Liabilities – Forward contracts:			
Sales commitments and *swap* contracts	24/04/2017	(497)	(497)
			(497)

(*) (*) Amount matched against profit or loss referring to outstanding contracts at March 31, 2018.

25. Risk management and derivative financial instruments (Continued)

Credit risk

A substantial portion of Company sales is to a select group of highly-qualified counterparties such as trading companies, large fuel distribution companies, electric power distribution companies and large supermarket chains.

Credit risk is managed under specific rules for accepting customers, credit analysis and establishment of exposure limits per customers including, where applicable, requirement of a letter of credit from top-tier banks and security interest on the amounts granted. Management is of the belief that credit risk is substantially covered by estimated allowance for doubtful accounts.

Individual risk limits are determined based on internal or external classifications, in accordance with the limits established by Company management. Use of these credit limits is continuously monitored. No credit limit was exceed in the period and management expects no loss due to default of these counterparts in an amount above the amount accrued.

The Company operates with goods' derivatives in the OTC market with selected counterparts. The Company operates with derivatives at commodities' exchange rate and in OTC contracts registered at B3, especially with the main Brazilian and foreign banks awarded investment-grade rating by international rating agencies.

OTC derivative operations performed by the Company require no guarantee margin.

Credit risk on cash and cash equivalents is mitigated by means of a conservative distribution of the instruments used, always backed by CDB (Note 4). This distribution follows strict criteria for allocation and exposure to counterparts, which are the main Brazilian and foreign banks mostly awarded investment-grade rating by international rating agencies.

Liquidity risk

The finance department monitors ongoing projections of the Company's liquidity requirements so as to ensure that the Company has cash sufficient to meet its operational needs.

(In thousands of reais)

25. Risk management and derivative financial instruments (Continued)

Liquidity risk (Continued)

Any cash surplus held by the operating entities, in addition to the balance required for working capital management purposes, is invested in interest-earning current accounts, time deposits, short-term deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margins as determined by the above-mentioned forecasts. At March 31, 2019 and 2018, the Company held investments represented mainly by repurchase agreements backed by government bonds and fixed-income funds at the Interbank Deposit Certificate (CDI) rate, with high liquidity characteristics and market circulation, expecting to readily generate cash inflows to manage liquidity risk.

The following table analyzes the Company's financial liabilities, by maturity ranges, corresponding to the remaining period in the statement of financial position to the contractual maturity date.

March 31, 2019	2019/2020 crop	2020/2021 crop	2021/2022 crop	2022/2023 crop onwards	Total
Loans and financing	**905,494**	**667,478**	**625,840**	**528,633**	**2,727,445**
Derivative financial instruments	**3,785**	**-**	**-**	**-**	**3,785**
Taxes payable in installments	**2,360**	**1,831**	**1,687**	**2,798**	**8,676**
Trade accounts payable	**99,515**	**-**	**-**	**-**	**99,515**
	1,011,154	**669,309**	**627,527**	**531,431**	**2,839,421**

March 31, 2018	2018/2019 crop	2019/2020 crop	2020/2021 crop	2021/2022 crop onwards	Total
Loans and financing	467,324	469,245	518,667	941,278	2,396,514
Derivative financial instruments	497	-	-	-	497
Taxes payable in installments	12,348	1,867	1,354	4,063	19,632
Trade accounts payable	94,818	-	-	-	94,818
	574,987	471,112	520,021	945,341	2,511,461

Capital management

The objectives of the Company in managing its capital are to safeguard its ability to continue as a going concern in order to provide returns to its shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce this cost.

(In thousands of reais)

25. Risk management and derivative financial instruments (Continued)

Capital management (Continued)

The Company monitors capital based on the financial leverage index, which corresponds to net debt expressed as a percentage of total capital. Net debt corresponds to total loans and financing (including short and long-term balances, as presented in the statement of financial position) less cash and cash equivalents. Total capital is determined by adding equity and net debt, as presented in the statement of financial position.

There were no changes to the capital structure objectives, policies or processes during the years ended March 31, 2019 and 2018. Financial leverage ratios as at March 31, 2019 and 2018 are as follows:

		2019	2018
Loans and financing (Note 15)		**2,727,445**	2,396,514
Less: cash and cash equivalents (Note 4)		**(315,107)**	(136,929)
Less: short-term investments (Note 5)		**-**	(112,528)
Net debt	(a)	**2,412,338**	2,147,057
Total equity	(b)	**1,333,739**	1,174,155
Total capital	(c) = (a) + (b)	**3,746,077**	3,321,212
Financial leverage ratio - %	(a) / (c)	**181**	183

Fair value

Fair value of financial assets and liabilities is the amount for which an asset or a liability may be exchanged or settled, between known parties willing to carry out a fair market transaction, rather than in a sale or distressed liquidation. The following methods and assumptions were used to estimate fair value.

Cash and cash equivalents, trade accounts receivable, and loans and financing approximate book value mostly due to their short-term maturity.

Market value of other loans and financing substantially approximates the amounts recorded in the financial statements, since these financial instruments are subject to floating interest rates.

25. Risk management and derivative financial instruments (Continued)

Fair value (Continued)

The fair value of available-for-sale financial assets is derived from market prices quoted in active markets, if any.

The Company takes out derivative financial instruments from several counterparties, particularly financial institutions with an investment level classification. Derivatives evaluated by using observable market data mainly refer to currency forwards and swap contracts. The most frequently applied valuation techniques include forwards and swap pricing models, using present value calculation. The models include various data, including the quality of the counterparties' credit, spot exchange rate, forward rates and interest rate curves.

As at March 31, 2019 and 2018, book value and market value of financial instruments did not differ significantly, except derivative financial instruments mentioned earlier.

Fair value hierarchy

The Company classifies and discloses the fair value of financial instruments based on measurement techniques:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs, other than quoted prices, which are observable for the asset or liability, either directly or indirectly;
- Level 3 – techniques that use data that has a significant impact on fair value recorded, which are not based on observable market data.

(In thousands of reais)

25. Risk management and derivative financial instruments (Continued)

Fair value hierarchy (Continued)

	Individual and Consolidated			
	2019	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities				
Short-term investments	**131,987**	**131,987**	**-**	**-**
Derivative financial instruments, net	**3,785**	**-**	**3,785**	**-**
Loans and financing - foreign currency	**1,247,111**	**1,247,111**	**-**	**-**

	Individual and Consolidated			
	2018	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities				
Short-term investments	112,528	112,528	-	-
Derivative financial instruments, net	258	-	258	-
Loans and financing - foreign currency	976,078	976,078	-	-

26. Private pension plan and other employee benefits

a) Private pension plan

In October 2005, the Company engaged Brasilprev Seguros e Previdência S.A. to manage its retirement plan, hereinafter referred to as “Renda Total Empresarial PGBL e VGBL Coruripe”, for the main purpose of providing its participating associates and their beneficiaries with supplementary post-retirement and pension amounts, based on the terms of the related contracts.

Current contributions (by the Company and plan members) are intended to cover benefits payable to participants, which have been accumulated since their admission to the plan. Participating employees (staff and management members) were divided into the following groups:

- Employees of functional and administrative levels with monthly salary above R$6,386.00 - minimum contribution of 2% of their nominal salary;
- Leading functional employees, i.e. managers and coordinators with monthly salary above R$6,386.00 - contribution from 0% to 5% of their nominal salary. Company’s contribution is fixed, equivalent to 100% of the participant’s contribution;

26. Private pension plan and other employee benefits (Continued)

a) Private pension plan (Continued)

- Staff and management members with compensation equivalent to or below R$6,386.00 - contributions are discretionary, however not matched by the Company.

As at March 31, 2019 and 2018, contributions paid or accrued by the Company and plan members amounted to R$100 (R$254 in 2018) and R$1,570 (R$1,579 in 2019), respectively.

b) Profit sharing

In accordance with the Collective Bargaining Agreement USIPAR 2017/2018 (Profit Sharing Plan “USIPAR 2017/2018”) entered into by and between S/A Usina Coruripe Açúcar e Álcool and the respective unions representing workers of the plants located in Minas Gerais State, the Company will pay profit sharing in an amount equivalent to zero up to four base salaries of each worker. The amounts referring to USIPAR 2018/2019 shall only be payable to employees if, by the end of the current crop and by the end of the budget for the 2018/2019 crop, the Company meets the targets defined in the Collective Bargaining Agreement, based on its employees’ performance.

This agreement was effective from April 1, 2018 to March 31, 2019.

As at March 31, 2019 and 2018, Company and Consolidated recorded no provision for profit sharing.

27. Insurance coverage

At March 31, 2019 and 2018, the Company and its subsidiary had insurance policies against property damage (machinery breakage, electrical damage, fire, lightning, explosions of any nature and implosions) to all of their sugar and ethanol inventories and to buildings, equipment, facilities and agricultural machinery of plants located in Northeastern and Southeastern Brazil, in addition to risks related to civil liability, for total insured amount of R$624,000 (R$561,000 in 2018). This insurance coverage is considered sufficient by management, based on the opinion of the insurance advisors, to cover losses, if any.

The Company expects no difficulties in renewing all insurance policies and believes that this coverage is reasonable in terms of amounts and compatible with the industry standards in Brazil.

(In thousands of reais)

28. Subsequent events

(a) Issue of Agribusiness Receivables Certificates

On May 20, 2019, the Company completed raising R$205.000 (unaudited) through the issue of Debentures, securitized in the form of Agribusiness Receivables Certificates (CRA) securitized in the finance market within the standards set forth by CVM Rule No. 400.

This issue was initially of R$ 800,000, of which R$ 600,000 were under the senior CRA type and R$ 200,000 under the junior CRA type. In common agreement between the leader coordinator, the issuer and the Company, the offer may be increased by up to 20%, totaling R$ 960,000 at maximum. The offer may be concluded, even in the case of partial payment of CRA, by providing at least R$ 500,000.

The operation shall pay investors monthly remuneration through the CDI plus 3% p.a., for the senior type, and through the CDI plus 9% p.a. for the junior type.

Senior CRA amortization will be divided into six annual installments, due as follows:

Installment	Total balance
	(unaudited)
1st installment	**13.33%**
2nd installment	**13.33%**
3rd installment	**13.33%**
4th installment	**13.33%**
5th installment	**40.00%**
6th installment	**6.68%**
	100.00%

Amortization of junior CRA will be subject to a five-year vesting period and will occur in a single installment in year 6 after signature date.

* * *