

Cosan Logística S.A.
Financial statements at
December 31, 2014
and independent auditor's report

(A free translation of the original in Portuguese)

Cosan Logística S.A.

Financial statements

December 31, 2014

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(a free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Shareholders
Cosan Logística S.A.

We have audited the accompanying financial statements of Cosan Logística S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2014 and the statements of income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Cosan Logística S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cosan Logística S.A. and of Cosan Logística S.A. and its subsidiaries as at December 31, 2014, and the parent company and consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Supplementary information - statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2014, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Campinas, March 18, 2015

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F"

Marcos Roberto Sponchiado
Contador CRC 1SP175536/O-5

Cosan Logística S.A.

Balance Sheet

At December 31, 2014 and December 31, 2013

(Amounts in thousands of Brazilian Reais, R\$)

	Note	Parent Company		Consolidated	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Assets					
Current					
Cash and cash equivalents	3	1,013	1	86,487	497,754
Accounts receivable	4	-	-	42,685	32,506
Inventories		-	-	5,817	5,237
Related parties	5	-	-	12,692	12,144
Advances to suppliers		-	-	557	304
Dividends receivable	6	20,400	55,161	-	-
Other credits		2	-	10,926	2,386
		<u>21,415</u>	<u>55,162</u>	<u>159,164</u>	<u>550,331</u>
Non-current					
Accounts receivable	4	-	-	446,693	225,401
Deferred income tax and social contribution	11	-	-	875	1,632
Related parties	5	-	-	-	945
Judicial deposits	12	-	-	29,671	6,696
Other non-current asset		-	-	3,749	291
Investments	6	970,907	1,019,161	-	-
Property, plant and equipment	7	-	-	1,084,455	1,013,149
Intangible assets	8	-	-	860,253	755,635
		<u>970,907</u>	<u>1,019,161</u>	<u>2,425,696</u>	<u>2,003,749</u>
Total Assets		<u>992,322</u>	<u>1,074,323</u>	<u>2,584,860</u>	<u>2,554,080</u>

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Balance Sheet

At December 31, 2014 and December 31, 2013

(Amounts in thousands of Brazilian Reais, R\$)

	Note	Parent Company		Consolidated	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Liabilities					
Current					
Current portion of long-term debt	9	-	-	127,425	107,200
Accounts payable		-	-	141,289	82,872
Salaries payable		-	-	19,302	12,522
Income tax payable	10	-	-	2,962	11,568
Taxes payable	10	-	-	7,300	9,547
Dividends payable	14	24,774	31,960	32,377	75,837
Related parties	5	-	-	20,292	3,011
Advances from customers		-	-	15,008	8,440
Other current liabilities		-	-	11,521	26,592
		<u>24,774</u>	<u>31,960</u>	<u>377,476</u>	<u>337,589</u>
Non-current					
Long-term debt	9	-	-	657,284	598,774
Provision for judicial demands	12	-	-	13,378	11,239
Pension	21	-	-	86	74
Deferred income taxes	11	-	-	196,598	174,600
Advances from customers		-	-	11,788	12,708
		<u>-</u>	<u>-</u>	<u>879,134</u>	<u>797,395</u>
Equity					
Common stock	14	940,753	939,753	940,753	939,753
Capital reserve		187	-	187	-
Profit reserve		26,608	102,610	26,608	102,610
Equity attributable to owners of the Company		<u>967,548</u>	<u>1,042,363</u>	<u>967,548</u>	<u>1,042,363</u>
Equity attributable to non-controlling interests		-	-	360,702	376,733
Total equity		<u>967,548</u>	<u>1,042,363</u>	<u>1,328,250</u>	<u>1,419,096</u>
Total liabilities and equity		<u>992,322</u>	<u>1,074,323</u>	<u>2,584,860</u>	<u>2,554,080</u>

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Statements of income

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013
(nine-month period beginning April 1, 2013)

(In thousands of Brazilian Reals – R\$, except earnings per share)

	Note	Parent Company	
		December 31, 2014	December 31, 2013
General and administrative	17	(187)	-
Operating expenses		(187)	-
Income before financial results, equity income of associates and income taxes		(187)	-
Equity income of associates	6	104,485	120,819
Financial income	18	18	-
		104,503	120,819
Income before income tax		104,316	120,819
Current	11	(4)	-
		(4)	-
Net income		104,312	120,819
Other comprehensive income		0	0
Total other comprehensive income		104,312	120,819
Net income attributable to:			
Owners of the Company	15	104,312	120,819
Earnings per share:	15		
Basic		0.257	0.129
Diluted		0.256	0.129

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Statements of income

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(In thousands of Brazilian Reais – R\$, except earnings per share)

	Note	Consolidated	
		December 31, 2014	December 31, 2013
Net sales	16	915,441	749,348
Cost of sales	17	(610,361)	(447,444)
Gross profit		305,080	301,904
General and administrative	17	(87,832)	(57,588)
Other, net	19	7,844	(14,364)
Operating expenses		(79,988)	(71,952)
Income before financial results and income taxes		225,092	229,952
Financial income	18	33,995	42,508
Financial expense	18	(67,647)	(28,819)
		(33,652)	13,689
Income before income tax		191,440	243,641
Current	11	(35,590)	(5,617)
Deferred	11	(22,754)	(77,550)
		(58,344)	(83,167)
Net income		133,096	160,474
Other comprehensive income		-	-
Total other comprehensive income		133,096	160,474
Net income attributable to:			
Net income attributable to non-controlling interests	15	28,784	39,655
Net income attributable to owners of the Company	15	104,312	120,819
Earnings per share:	15		
Basic		0.257	0.129
Diluted		0.256	0.129

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Statements of changes in equity

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(Amounts in thousands of Brazilian Reals, R\$)

	<u>Profit reserve</u>				Total	Non- controlling interest (Note 6)	Total equity
	Common stock	Legal	Retained earnings	Accumulated losses			
Balance at March 31, 2013	939,753	688	9,797	-	950,238	346,913	1,297,151
Profit for the year	-	-	-	120,819	120,819	39,655	160,474
Total comprehensive income for the year	-	-	-	120,819	120,819	39,655	160,474
Legal reserve (Note 14 b)	-	6,041	-	(6,041)	-	-	-
Retained earnings (Note 14 c)	-	-	86,084	(86,084)	-	-	-
Dividends (Note 14 d)	-	-	-	(28,694)	(28,694)	(9,835)	(38,529)
Total contributions or distributions to shareholders, recognized directly in equity	-	6,041	86,084	(120,819)	(28,694)	(9,835)	(38,529)
Balance at December 31, 2013	939,753	6,729	95,881	-	1,042,363	376,733	1,419,096

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Statements of changes in equity

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(Amounts in thousands of Brazilian Reals, R\$)

	<u>Profit reserve</u>						Non- controlling interest (Note 6)	Total equity
	Common stock	Capital reserve	Legal	Retained earnings	Accumulated losses	Total		
Balance at December 31, 2013	939,753	-	6,729	95,881	-	1,042,363	376,733	1,419,096
Profit for the year	-	-	-	-	104,312	104,312	28,784	133,096
Total comprehensive income for the year	-	-	-	-	104,312	104,312	28,784	133,096
Capital increase (Note 14 a)	1,000	-	-	-	-	1,000	-	1,000
Formation by write-off of dividends (Note 14 d)	-	-	-	31,960	-	31,960	24,583	56,543
Stock Option Plan	-	187	-	-	-	187	-	187
Legal reserve (Note 14 b)	-	-	5,216	-	(5,216)	-	-	-
Retained earnings (Note 14 c)	-	-	-	74,322	(74,322)	-	-	-
Dividends (Note 14 d)	-	-	-	(187,500)	(24,774)	(212,274)	(69,398)	(281,672)
Total contributions or distributions to shareholders, recognized directly in equity	1,000	187	5,216	(81,218)	(104,312)	(179,127)	(44,815)	(223,942)
Balance at December 31, 2014	940,753	187	11,945	14,663	-	967,548	360,702	1,328,250

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Statements of cash flows

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(Amounts in thousands of Brazilian Reals, R\$)

	Parent Company	
	December 31, 2014	December 31, 2013
Operating activities cash flow		
Income before income tax	104,316	120,819
Adjustments to reconcile net income to cash flows from operating activities:		
Equity pick-up of investees / associates (Note 6)	(104,485)	(120,819)
Stock Option Plan	187	-
	18	-
Assets and liabilities variations:		
Recoverable taxes	(6)	-
Cash generated from operations	12	-
Investing activities cash flow		
Dividends received	187,500	-
Net cash flow provided by investing activities	187,500	-
Cash flow from financing activities		
Dividends paid (Note 14)	(187,500)	-
Capital increase (Note 14)	1,000	-
Net cash used in financing activities	(186,500)	-
Increase in cash and cash equivalents	1,012	-
Cash and cash equivalents at beginning of year	1	1
Cash and cash equivalents at end of year	1,013	1
Supplemental disclosure of cash flow information		
Income taxes paid	2	-

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Statements of cash flows

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(Amounts in thousands of Brazilian Reais, R\$)

	Consolidated	
	December 31, 2014	December 31, 2013
Operating activities cash flow		
Income before income tax	191,440	243,641
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization (Note 7 and 8)	97,244	58,955
Stock Option Plan	187	-
Gain on cancellation of dividends declared (Note 19)	(18,589)	-
Provision for profit sharing	10,119	6,066
Provision (reversal) from accounts payable	(14,211)	6,448
Loss on disposal of fixed assets and intangible (Note 7 and 8)	415	13
Provision for losses on judicial demands (Note 19)	1,855	909
Provision for losses on doubtful accounts (Note 19)	(703)	22,211
Indexation charges and exchange variations, net	41,211	25,326
	308,968	363,569
Assets and liabilities variations:		
Accounts receivable	(228,758)	(211,322)
Advances from customers	4,135	9,811
Securities	-	17,643
Judicial deposits	(22,493)	(4,588)
Related parties	18,100	12,786
Recoverable taxes	2,873	8,545
Payable taxes	(49,634)	5,079
Inventory	(580)	916
Salaries payable	(3,339)	(7,874)
Accounts payable	58,007	36,539
Advances to suppliers	(253)	5,028
Contingencies	(1,018)	(947)
Other asset and liabilities, net	(12,856)	(3,338)
Cash generated from operations	73,152	231,847
Investing activities cash flow		
Purchase of property, plant and equipment, software and intangible assets (Note 7 and 8)	(273,583)	(198,047)
Net cash flow used in investing activities	(273,583)	(198,047)
Cash flow from financing activities		
New loans and financings	187,166	51,942
Payments of loans and financings	(149,002)	(90,449)
Dividends paid	(250,000)	-
Capital increase (Note 14)	1,000	-
Net cash used in financing activities	(210,836)	(38,507)
Decrease in cash and cash equivalents	(411,267)	(4,707)
Cash and cash equivalents at beginning of year	497,754	502,461
Cash and cash equivalents at end of year	86,487	497,754
Supplemental disclosure of cash flow information		
Financial interest expenses paid	41,271	31,669
Income taxes paid	35,079	3,248

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Statements of value added

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(Amounts in thousands of Brazilian Reals, R\$)

	Parent Company	
	December 31, 2014	December 31, 2013
Value added received in transfer		
Equity pick-up in investees (Note 6)	104,485	120,819
Financial revenue (Note 18)	18	-
	104,503	120,819
Value added to be distributed	104,503	120,819
Distribution of value added		
Salaries	187	-
Taxes and contributions	4	-
Dividends (Note 14)	24,774	28,694
Net income from continuing operations	79,538	92,125
	104,503	120,819

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Statements of value added

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(Amounts in thousands of Brazilian Reals, R\$)

	Consolidated	
	December 31, 2014	December 31, 2013
Revenues		
Sale of services and products, net	1,000,065	845,100
Other operational revenues, net	30,876	9,216
Allowance for doubtful accounts (Note 19)	703	(22,211)
	1,031,644	832,105
Raw materials acquired from third parties		
Cost of sales and services rendered	(365,891)	(298,945)
Materials, energy, third party services, others	(125,185)	(70,338)
	(491,076)	(369,283)
	540,568	462,822
Gross value added		
	540,568	462,822
Retention		
Depreciation and amortization (Notes 7 and 8)	(97,244)	(58,955)
	(97,244)	(58,955)
	443,324	403,867
Net value added		
	443,324	403,867
Value added received in transfer		
Financial revenue (Note 18)	33,995	42,508
	33,995	42,508
	477,319	446,375
Value added to be distributed		
	477,319	446,375
Distribution of value added		
Salaries	84,658	55,565
Taxes and contributions	174,806	189,801
Financial expenses (Note 18)	67,647	28,819
Rentals and leasing	17,112	11,716
Non-controlling interests (Note 6)	28,784	39,655
Dividends (Note 14)	24,774	28,694
Net income from continuing operations	79,538	92,125
	477,319	446,375

The notes to the financial statements are an integral part of these consolidated interim financial statements.

Cosan Logística S.A.

Notes to the consolidated financial statements

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

1. Operations

Cosan Logística S.A. ("The Company" or "Cosan Logística"), formerly Cosan Infraestrutura S.A., is a publicly traded company with its shares traded on the Novo Mercado da Bolsa de Valores de São Paulo ("BM&FBOVESPA") under the ticker symbol RLOG3, and has its headquarters in the city of São Paulo, State of São Paulo, Brazil. The Company is a direct subsidiary of Cosan Ltd. ("CZZ") which owns 62,51% of its share capital.

The Company's objective is to manage, direct or indirect equity interests in companies in the infrastructure sector such as, but not limited to, logistics, transportation, port operation and other related activities. The Company directly holds 75% equity of Rumo Logística Operadora Multimodal S.A. ("Rumo").

The Company through its direct subsidiary Rumo, provides logistics services for the export of sugar and other dry bulk cargoes, offering an integrated solution for transportation, storage and shipment from producing centers in the State of São Paulo to Santos Port and port-lifting for commodities, mainly sugar.

Currently, Rumo has seven multi-modal terminals, including the most modern in the city of Itirapina and the largest sugar-exporting terminal in the Port of Santos, which has the largest rail receiving capacity and the largest draft bulk terminals of the Port of Santos. They are placed in strategic locations for the Rumo's operations, in close proximity to its customers and to highways and railroads.

The Annual General Shareholders' Meeting held on July 31, 2013 approved a fiscal year-end change from March 31 to December 31. With this change, the Company's fiscal year begins on January 1 and ends December 31 each year. Accordingly, these financial statements are for 12 months and its comparative exercise is exceptionally nine months (started on April 1 and ended on December 31, 2013); therefore, they are not comparable.

On May 8, 2014, at the Extraordinary General Meeting, the incorporation of the shares of ALL - America Latina Logística S.A. ("ALL") by Rumo was approved, which was effectively suspended until obtaining approval from the Brazilian Administrative Council for Economic Defense ("CADE"), from the Brazilian National Transportation Agency ("ANTT"), as well as any other public administration bodies whose prior authorizations are necessary and verification (or waiver by the applicable part) of the other conditions precedent set in the proposal sent from Rumo to ALL on February 24, 2014, for the consummation of the merger.

Cosan Logística S.A.

Notes to the consolidated financial statements

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

1. Operations -- Continued

On July 16, 2014, was approved at the Extraordinary General Meeting, the merger of the former parent company Novo Rumo Logística S.A. ("Novo Rumo"). As a result, Novo Rumo was extinguished and the Company began to succeed her in all its assets, rights and obligations, without any interruption of the activities previously conducted by Novo Rumo, with no alterations in the share capital of the Company.

On July 21, 2014, at the Extraordinary General Meeting, changing the Company's name from Cosan Infraestrutura S.A. to Cosan Logística S.A was approved.

On September 18, 2014, at a meeting of the Board of Directors, increasing the share capital of the Company was approved, within the limits of the authorized capital in accordance with the Bylaws, worth R\$ 1,000, from R\$ 939,753 to R\$ 940,753, through the issuance of 1,000,000 new common shares, all nominative and without par value.

On December 31, 2014, the Company had negative working capital of R\$ 218,356, mainly due to the payment of dividends amounting to R\$ 187,500. Despite this event, the Company recorded net operating cash flow of R\$ 73,152, net for the increase in accounts receivable with ALL of R\$ 221,292 which ended the year at R\$ 446,693 consisting of receivables related to the compensation provided for by contract (Note 4) periods already incurred. In addition, there were also investments in modernization and expansion of the logistics system of R\$ 273,583 to meet the Company's business plan. Therefore, the Company's plans indicate that the commitments will be honored.

On February 11, 2015, in response to the provisions of Article 2 of CVM Instruction 358/2002, the act of concentration of the incorporation of ALL shares issued by the Company was approved by CADE unanimously pursuant to art. 61 of Law No. 12,529/2011, upon the Conclusion of an Agreement in Concentration Control ("ACC").

a) Concession for operating the port terminal:

The Company holds, through its subsidiary Rumo, the concession to operate two port terminals located in the Port of Santos, and operates nine warehouses in São Paulo for the storage of products. The concession granted to operate the port terminals terminates in 2036, as provided in the contract and the contract amendment concession signed with the Port Authority of the State of São Paulo, with no additional costs, but with new investment commitments.

Cosan Logística S.A.

Notes to the consolidated financial statements

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

1. Operations -- Continued

b) Operating Agreement between Rumo and ALL:

On March 5, 2009, Rumo and ALL, announced expansion of their rail transport capacity through investments to be made by Rumo. These investments were of approximate R\$ 1.2 billion, which would be invested in the purchase of locomotives and wagons and in replication and improvements of infrastructure, under an award from ALL, which are located in the State of São Paulo to Santos Port. Under the contract with ALL, if the minimum volumes of sugar predetermined contractually are not transported, Rumo is entitled to charge compensation according to the contractual terms entered by the parties. The operating agreement took effect from January 2010 with a number of amendments since, the last being in May 2013.

c) Corporate restructuring

On October 1, 2014 by the Extraordinary General Meeting, the partial spin-off and merger of the spun-off portion into Cosan S.A. Indústria e Comércio (“Cosan S.A.”) and the Company, which corresponds to the Cosan’s logistics operations, was considered and approved. The spin-off aims to segregate the activities of the Cosan S.A., so that each business segment dedicates themselves to their respective area of expertise. According to this spin-off, two companies, Cosan S.A. and the Company will be at the same level within the corporate structure and reporting to the same parent company, CZZ.

On September 30, 2014, the amount of the spun-off portion merged into the Company had the book value of R\$ 975,854. Due to the partial spin-off, all of the shares issued by the Company, previously held by Cosan S.A., were canceled and subsequently 405,856,814 new shares of the Company were issued to the shareholders of Cosan S.A., in the proportion of 1:1. Shares of the Company were admitted to trading on the BM&FBOVESPA on October 6, 2014. Shareholders hold the same political and economic privileges that those conferred by their current Cosan S.A. shares, without any distinction among investors.

Cosan Logística S.A.

Notes to the consolidated financial statements

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

2. Summary of annual financial statements and significant accounting policies

2.1. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with accounting practices adopted in Brazil including the pronouncements issued by the Accounting Pronouncements Committee (“CPC”) and the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The presentation of the Statement of Value Added (DVA), for both the individual and consolidated statements, is required by Brazilian corporate law and the Brazilian accounting practices applicable to public companies. IFRS does not require the presentation of this statement. As a result, under IFRS, this statement is presented as supplementary information, subject to the set of financial statements.

On March 06, 2015, the Board of Directors approved the issuance of the financial statements and authorized disclosure.

Basis of measurement

The financial statements have been prepared using the historical cost convention, except for the following material items recognized in the balance sheets:

- Derivative financial instruments measured at fair value;
- The actuarial defined benefit liability is recognized as the net total of plan assets, plus any past service cost not yet recognized and less the present of the defined benefit obligation, which is of limited value.

Functional and presentation currency

These individual and consolidated financial statements are presented in Brazilian Reais, which is the functional currency of the Company and its subsidiary.

Cosan Logística S.A.

Notes to the consolidated financial statements

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

2. Summary of annual financial statements and significant accounting policies -- Continued

2.1. Basis of preparation -- Continued

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS and CPC standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments relating to accounting policies which have an impact on the amounts recognized in the financial statements is included in the following notes:

- Note 4 - Accounts receivable

The provision for doubtful accounts is made when there is no receipt of accounts receivable within less than 90 days. The allowance for loan losses should be accounted for in an amount equal to the loss that these values may cause, regardless of the adoption of criteria and limits established by tax legislation. The rationale for this procedure is that the credits must appear in the balance sheet by their likely net realizable value, regardless of their origin, type of operation or debtor. The conservatism may even justify the adoption of fiscal limits, provided that the difference between this value and the probable loss estimate is not relevant.

The loans covered by collateral cannot be included among those considered as the basis for calculating the allowance for loan losses, but if the guarantee is insufficient to show full coverage of the updated credit, the difference should be considered.

- Notes 7 and 8 – Property, plant and equipment and intangible assets

The calculation of depreciation and amortization of intangible and fixed assets includes estimates of useful lives. Furthermore, the determination of fair value at the date of acquisition of fixed assets and intangible assets acquired in business combinations is a significant estimate.

The Company performs an annual review of indicators of impairment of intangible and fixed assets. In 2014 there were no indications of impairment. Furthermore, an impairment test is performed for intangible assets with indefinite lives and goodwill. The key assumptions used to determine the recoverable amounts in different Cash Generating Units (“CGUs”) to which goodwill is allocated are presented in Note 8.

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

2. Summary of annual financial statements and significant accounting policies -- Continued

2.1. Basis of preparation -- Continued

Use of estimates and judgments -- Continued

- Note 11 – Deferred income tax and social contribution

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant judgment is required to determine the value of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

- Note 20 – Fair value of financial instruments

When the fair value of financial assets and liabilities recorded in the financial statement value cannot be derived from active markets, fair value is determined using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but if this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Segment information

The Company's management assesses the operating performance of the Company and makes decision of the allocation of financial resources; however, it does not produce segmental information divided according to income and assets. Operating revenue classes by product and region is presented in Note 16.

2.2. Significant accounting policies

The accounting policies described in detail below have been applied consistently to all periods presented in these financial statements, by all group entities, unless otherwise stated.

2.2.1. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, which are listed below:

Subsidiary	Directly and indirectly controlled	Directly and indirectly controlled
	December 31, 2014	December 31, 2013
Rumo Logística Operadora Multimodal S.A.	75%	75%
Logisport Armazéns Gerais S.A.	38.25%	38.25%
Rumo Um S.A.	75%	75%
Rumo Dois S.A.	75%	75%

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.1. Basis of consolidation -- Continued

(a) Business combinations

Business combinations are recorded at the acquisition date, that is, the date on which control is transferred to the Company using the acquisition method. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. When determining the existence of control, the Company takes into consideration potential voting rights that are currently exercisable.

The Company measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interest in the acquired company; plus
- If the acquisition is achieved in stages, the fair value of any previously held equity interest at acquisition; less
- The net amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the value generates a negative amount, the gain on a bargain purchase is recognized directly in the income statement.

The consideration transferred does not include amounts related to the termination of pre-existing relationships. These amounts are generally recognized in the income statement.

Transaction costs, and other costs related to the issuance of debt instruments or equity, which the Company incurs in connection with a business combination are recorded in income as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, then it is not premeasured and settlement is recorded within equity. For other considerations, subsequent changes in fair value are recorded in income.

(b) Non-controlling interests

For each business combination, the Company chooses to measure any non-controlling interest in the acquired company either:

- at fair value; or
- by its proportionate share of the identifiable net assets acquired, which are generally measured at fair value.

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.1. Basis of consolidation -- Continued

(b) Non-controlling interests -- Continued

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with the owners in their capacity as shareholders. Adjustments to minority interests are based on a proportionate amount of the net assets of the subsidiary. Adjustments to goodwill are not made and no gain or loss is recognized in income.

(c) Subsidiaries

Subsidiaries are all entities (including special-purpose entities) over which the Company has the power to manage the financial and operating policies generally accompanying a shareholding of more than half of the voting rights, either directly or indirectly. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also evaluates the existence of control, when it does not hold more than 50% of the voting power, but is able to govern the financial and operating policies by de facto control.

De facto control may arise when the extent of the voting rights of the Company in relation to the extent and dispersion of those of the controlling shareholders grant the Company the power to manage the financial and operating policies, among other things.

Subsidiaries are fully consolidated from the date of acquisition of control, and continue to be consolidated until the date that control ceases.

All remaining balance maintained between the subsidiary, income and expenses and unrealized gains and losses resulting from intercompany transactions are eliminated. The financial statements of the subsidiary are prepared for the same reporting period as those of the Parent Company, using consistent accounting policies.

(d) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the financial statements.

Unrealized gains arising from recorded transactions with equity accounted investees are eliminated against their respective investments to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of loss due to impairment.

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Notes to the consolidated financial statements

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.2. Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at year-end.

Translation differences on non-monetary assets and liabilities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in income.

2.2.3. Financial instruments

(a) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they arise. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Loans and receivables are initially measured at fair value. Subsequently these instruments are measured at amortized cost.

The Company recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and benefits of ownership the financial asset are transferred. An interest is created or retained by the Company in financial assets is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when the Company has the legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and financial assets available for sale.

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Notes to the consolidated financial statements

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.3. Financial instruments -- Continued

(a) Non-derivative financial assets -- Continued

(i) Financial assets at fair value through profit

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages them and makes purchase and sale decisions based on their fair values in accordance with the documented risk management and investment strategy. Transaction costs are recognized in income as they are incurred. Financial assets at fair value through profit or loss are measured at the fair value and changes in fair value of these assets are recognized in the income statement.

(ii) Financial assets held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intent and ability to hold them to maturity. Interest rates, and exchange rates, net of losses due to impairment, when applicable, are recognized in income when incurred in the line of financial income and expenses.

After initial recognition, financial assets held to maturity are measured at amortized cost.

(iii) Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

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(In thousands of Brazilian Reais – R\$, unless otherwise stated)

2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.3. Financial instruments -- Continued

(a) Non-derivative financial assets -- Continued

(iv) Financial assets available for sale

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the previous categories. Available for sale financial assets are initially recognized at fair value plus any directly attributable transaction cost.

After initial recognition, these are measured at fair value and changes therein, other than losses due to impairment and foreign currency differences on debt instruments available for sale, are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the accumulated loss in other comprehensive income is transferred to profit.

(b) Cash and equivalents

Cash and cash equivalents comprise cash balances and investments which have maturities of three months or less from the acquisition date and are subject to an insignificant risk of changes in their fair value.

(c) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date they initially arise. All other financial liabilities (including liabilities designated at fair value or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company writes a financial liability when its contractual obligations are canceled or expired.

The Company classifies non-derivative financial liabilities as other financial liabilities. They are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, they are measured at amortized cost using the effective interest method cost. Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares) and trade and other payables.

Interest payments are reported as financing activities in the statements of cash flows.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.4. Inventories

Inventories are stated at average acquisition cost, which is not to exceed net realizable value.

Provision for inventories of slow-moving or obsolete inventories is recorded when deemed necessary by management.

2.2.5. Property, plant and equipment

(a) Recognition and measurement

Items of property and equipment are measured at historical cost of acquisition or construction, less accumulated depreciation and accumulated impairment in value (impairment).

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

- The cost of materials and direct labor;
- Any other costs to bring the asset to the location and condition necessary for them to be able to operate as intended;
- The costs of dismantling and restoring the site where they are located; and
- Borrowing costs on qualifying assets.

The cost of a fixed asset may include reclassifications of other comprehensive income of hedging instruments in qualifying cash flow to purchase fixed assets in foreign currency. Purchased software that is integral to the functionality of equipment is capitalized as part of that equipment.

Gains and losses on disposal of an item of property (calculated as the difference between the proceeds from sale and the book value of fixed assets) are recognized in other operating income/expenses in income.

(b) Subsequent costs

Subsequent expenditure is capitalized to the extent that it is probable that future economic benefits associated with the expenditure will flow to the Company. Upkeep and recurring repairs are charged to income when incurred.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.5. Property, plant and equipment -- Continued

(c) Depreciation

Items of fixed assets are depreciated from the time they are available for use or, in the case of constructed assets, from the date when the asset is completed and ready for use.

Depreciation is calculated by writing off the cost of fixed assets less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is calculated using the straight-line method over the useful life of each asset, with the following depreciation rates shown below:

Building and Improvements	4%
Machinery, Equipment and Facilities	10%
Vehicle	20%
Wagons	2.9%
Locomotives	3.3%
Furniture and Fixtures	10%
Computer Equipment	20%

The cost of normal periodic maintenance are charged to expense as incurred since the parts replaced do not improve the productive capacity or introduce improvements to the equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and any adjustments are recognized as changes in accounting estimates, if appropriate.

2.2.6. Intangible assets and goodwill

(a) Goodwill

Goodwill arising on the acquisition of subsidiaries is included in intangible assets in the financial statements.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.6. Intangible assets and goodwill -- Continued

(a) Goodwill -- Continued

(i) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. With respect to equity method investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity method investee as a whole.

(b) Research and development

Expenditures on research activities, undertaken to gain knowledge and scientific and technological understanding, are recognized in income as incurred.

Development activities involve a plan or project for the production of new or substantially improved products or equipments. Development expenditures are capitalized only if development costs can be measured reliably, if the product or process is technically and commercially feasible, if the future economic benefits are probable, and if the Company has the intent and sufficient resources to complete the development and to use or sell the asset. Capitalized costs include the cost of materials and direct labor, manufacturing costs that are directly attributable to preparing the asset for its intended use, and borrowing costs. Other development costs are recognized in income as incurred.

Capitalized development expenditures are stated at cost less accumulated amortization and impairment.

(c) Other intangible assets

Other intangible assets that are acquired by the Company and which have finite useful lives are measured at cost less accumulated amortization and accumulated losses due to impairment.

(d) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the relevant asset. All other expenditures are recognized in income as it is incurred.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.6. Intangible assets and goodwill -- Continued

(e) Amortization

Except for goodwill, amortization is recognized in income based on the estimated useful lives of intangible assets from the date in which these are available for use, using the straight-line method.

Amortization methods, useful lives and residual values are reviewed at each financial year and adjusted if appropriate.

2.2.7. Impairment

(a) Non-derivative financial assets

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that there has been loss in its recoverable amount. A loss is recognized if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on future cash flows that can be estimated in a reliable manner.

(i) Financial assets measured at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of estimated future estimated cash flows discounted at the original effective interest rate of the asset. Losses are recognized in profit or loss and reflected in an allowance account against receivables or held-to-maturity. Interest on the impaired asset continues to be recognized. When a subsequent event indicates a reversal of an impairment loss, the decrease in impairment loss is reversed and recorded in income.

(ii) Assets available for sale

Losses from impairment of financial assets available for sale are recognized by reclassifying the cumulative loss recognized in other comprehensive income in shareholders' equity for the result. The cumulative loss that is reclassified from other comprehensive income to the income statement is the difference between the acquisition cost, net of any principal repayment and amortization of the principal amount, and the current fair value, less any reduction for impairment loss previously recognized in income.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.7. Impairment -- Continued

(b) Non-financial assets

The carrying amounts of the Company, other than inventories and deferred income and social contribution tax, are reviewed at each reporting date to determine whether there is indication of impairment loss on non-financial assets. If such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated each year. A loss on impairment is recognized if the carrying amount of the asset or CGU exceeds its recoverable amount.

The recoverable amount is the fair value method, using as a basis the price that would be received to sell an asset or that would be paid by transferring a liability in an orderly transaction between market participants at the measurement date.

Losses from impairment are recognized in income. A loss on impairment related to goodwill is not reversed. For other assets, the impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had not been recognized.

2.2.8. Provision

A provision is recognized if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that economic benefits will be required to settle the obligation. Provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The financial costs incurred are recorded in income.

2.2.9. Employees benefits

(a) Defined contribution plan

A defined contribution plan is a plan for post-employment benefit under which an entity pays fixed contributions into a separate entity (a provident fund) and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as pension expenses for employee benefit in income in the years during which services are rendered by employees. Prepaid contributions are recognized as an asset if there is a cash reimbursement or if a reduction in future payments is available.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.10. Revenue

Sales of services

Revenues from services rendered is recognized when the entity transfers to the buyer the significant risks and rewards incidental to the provision of services, when it is probable that economic benefits associated with the transaction will flow to the Company, and when their value and related costs can be measured reliably.

Prices for services are set based on service orders or contracts. Services for which payment is made in advance are recorded as deferred revenue in the form of advances from customers and recorded as revenue by providing effective services.

2.2.11. Leases

(a) Leases assets

Assets held by the Company under leases which transfer substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of fair value and the present value of the minimum lease payments. After initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2.2.12. Financial income and expense

Financial income comprises interest income on funds invested, gains on disposal of financial assets available for sale, and changes in fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in income using the effective interest method. Dividend income is recognized in income on the date that the Company's right to receive payment is established. Distributions received from investees are recorded by reducing the value of the investment.

Financial expenses comprise interest expenses on borrowings, losses on disposal of assets available for sale, changes in fair value of financial assets measured at fair value through profit and loss by reducing the recoverable value (impairment) recognized as (excluding receivables) financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are measured in income using the effective interest method.

Foreign exchange gains and losses on financial assets and liabilities are reported on a net basis or as financial income or expense, depending on whether foreign currency movements show a net gain or net loss.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.13. Tax and contribution

Income tax comprises the income tax and social contribution at 34%. Expenditure tax comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it comes to a business combination or items recognized directly in equity.

(a) Current income tax and social contribution

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, the tax rates prevailing at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(b) Deferred income tax and social contribution

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that will follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates expected to apply to temporary differences reversed, using the tax rates approved at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and assets, if taxes are related to the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or if their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and tax credits, and is deductible to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized.

(c) Indirect taxes

Net revenue is recognized net of discount and sales taxes.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.2. Significant accounting policies -- Continued

2.2.13. Taxes and contribution -- Continued

(d) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of tax positions which are uncertain and additional taxes and interest which may be due. This review is based on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liability will have an impact on tax expense in the period that such a determination is made.

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2. Summary of annual financial statements and significant accounting policies -- Continued

2.3. New standards and interpretations not yet adopted

The following new standards and interpretations to existing standards were issued by the IASB, but are not effective for the financial year 2014. Early adoption of standards, although encouraged by the IASB, is not permitted in Brazil by the CPC.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The standard is applicable from January 1, 2015.

On May 28, 2014, IASB issued the IFRS 15 – Revenue from Contracts with Customers, which outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, which is found currently across several standards and interpretations within IFRSs. The core principle is that an entity recognizes revenue to reflect the transfer of goods or services, measured as the amount to which the entity expects to be entitled in exchange for those goods or services. However, the new standard does not apply to transactions that are instead within the scope of the leasing standard. The new standard is effective for reporting periods beginning on or after January 1, 2017, with earlier application permitted. Entities can choose to apply the standard retrospectively or use a modified approach in the year of application. The Company is evaluating the impact of this new standard on the financial statements.

On December 22, 2014, the CPC issued the document "Review of Technical Pronouncements No. 07/2014", approved by CVM through Resolution No. 733, of December 23, 2014, changing the wording of CPC 35 - "Separate Financial Statements" to incorporate changes made by the IASB in IAS 27 - Separate Financial Statements, which will enable the use of the equity method in subsidiaries in separate financial statements. This change enables the dual compliance (CPC and IFRS) is also achieved in the individual financial statements of the Company, on the assumption that there is no difference between the two accounting practices. Company has reviewed and there is no impact of this new standard.

There are no other IFRSs or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are not yet effective that would be expected to have a material impact on the Company.

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

3. Cash and cash equivalent

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cash and bank accounts	1	1	6,098	5,448
Financial investments	1,012	-	80,389	492,306
	<u>1,013</u>	<u>1</u>	<u>86,487</u>	<u>497,754</u>

(i) The financial investments were as below:

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Exclusive funds				
Commitment transactions	-	-	63,298	388,429
Bank deposit certificates - CDBs	-	-	13,099	103,259
	<u>-</u>	<u>-</u>	<u>76,397</u>	<u>491,688</u>
Bank investments				
Commitment transactions	1,012	-	3,992	618
	<u>1,012</u>	<u>-</u>	<u>3,992</u>	<u>618</u>
	<u>1,012</u>	<u>-</u>	<u>80,389</u>	<u>492,306</u>

4. Trade receivables

	Consolidated	
	December 31, 2014	December 31, 2013
Domestic	506,792	274,680
Foreign	4,708	6,067
Allowance of doubtful accounts	(22,122)	(22,840)
	<u>489,378</u>	<u>257,907</u>
Current	<u>42,685</u>	<u>32,506</u>
Non-current - ALL	<u>446,693</u>	<u>225,401</u>

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

4. Trade receivables - Continued

The aging of trade receivables, net of allowance for doubtful accounts, was as follows:

	Consolidated	
	December 31, 2014	December 31, 2013
Not overdue	22,655	27,612
Overdue:		
Overdue 1-30 days	48,838	30,905
Overdue 31-60 days	25,555	30,803
Overdue 61-90 days	31,732	54,268
Overdue more than 90 days	360,598	114,319
	466,723	230,295
	489,378	257,907

Changes in the allowance for doubtful accounts were as follows:

	Consolidated
On March 31, 2013	(629)
Provision	(22,695)
Reversal of provision	484
On December 31, 2013	(22,840)
Provision	(646)
Reversal of provision	1,349
Losses	15
On December 31, 2014	(22,122)

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4. Trade receivables - Continued

On October 10, 2013, ALL issued a press release announcing that it has initiated legal actions in relation to the contracts entered with the Company, through its direct subsidiary Rumo. The Rumo then filed a request for arbitration against ALL, among other administrative and judicial measures to enforce its contractual rights and to require ALL to comply with the terms of the agreement signed in 2009, as amend, including the fourth and fifth amendment's signed on May 31, 2013. There are no judicial decisions suspending the validity of the contracts signed between ALL and Rumo, or agreements which should be observed by the parties, and ALL continues to provide rail transport sugar, although in lower volumes for contracted services. Therefore, the outstanding balance with ALL is not part of the calculation of the allowance for loan losses.

On May 12, 2014, Rumo and ALL together requested the suspension of all court proceedings related the performance of the agreements in accordance with Article 265, item II of CPC - Civil Procedure Code, as well as any resources or incident thereto, for a period of six months, without prejudice to the parties upon the eventual resumption of its course.

As at December 31, 2014, the Company, through its direct subsidiary Rumo, had recorded accounts receivable from ALL amounting to R\$ 446,693 (R\$ 225,401 on December 31, 2013), net of allowance for doubtful accounts in the amount of R\$ 20,950, arising from services provided under the agreements with ALL in accordance with IAS 18 – Revenue and net of allowance for losses due to contractual services of R\$ 25,057. Additionally, revenue totaling R\$ 183,144, including penalties and interest, was not recorded because not all the criteria for revenue recognition had been met. The revenue recognized in the fiscal 12 months ended on December 31, 2014 was R\$ 264,180, representing 29% of net operating revenues (nine-month period ended on December 31, 2013 it was R\$ 291,857, representing 39%).

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5. Related parties

a) Summary of the main balances and transactions with related parties

	Consolidated	
	December 31, 2014	December 31, 2013
Current assets		
Commercial operations		
Cosan S.A. Indústria e Comércio (i)	1,564	1,551
Raízen Energia S.A. and subsidiaries (ii)	9,947	3,370
Radar Propriedades Agrícolas S.A.	55	-
Raízen Combustíveis S.A.	143	-
Other	6	-
	<u>11,715</u>	<u>4,921</u>
Corporate operations / agreements		
Rezende Barbosa S.A. Administrações e Participações (iv)	949	7,223
Cosan Lubrificantes e Especialidades	28	-
	<u>977</u>	<u>7,223</u>
	<u>12,692</u>	<u>12,144</u>

	Consolidated	
	December 31, 2014	December 31, 2013
Non-current assets		
Corporate operations / agreements		
Rezende Barbosa S.A. Administração e Participações (iv)	-	945
	-	945
	-	945
	<u>-</u>	<u>945</u>

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

5. Related Parties -- Continued

a) Summary of the main balances and transactions with related parties -- Continued

	Consolidated	
	December 31, 2014	December 31, 2013
Current liabilities		
Commercial operations		
Cosan S.A. Comércio e Indústria (i)	3,342	1,851
Raízen Energia S.A. and subsidiaries (ii)	16,542	722
Cosan Lubrificantes e Especialidades S.A.	363	356
Raízen Combustíveis S.A.	45	52
Other	-	30
	<u>20,292</u>	<u>3,011</u>
	<u>20,292</u>	<u>3,011</u>

b) Summary of the transactions with related parties

	Consolidated	
	Period ended on December 31, 2014	Nine months period ended on December 31, 2013
Services		
Raízen Energia S.A. and subsidiaries (ii)	285,212	279,185
Other	2,796	203
	<u>288,008</u>	<u>279,388</u>
Shared expenses		
Cosan S.A. Indústria e Comércio (i)	(9,454)	(5,910)
Raízen Energia S.A. (ii)	(5,453)	(4,280)
	<u>(14,907)</u>	<u>(10,190)</u>
Purchases		
Raízen Combustíveis S.A.	(741)	(990)
	<u>(741)</u>	<u>(990)</u>
Financial result		
Rezende Barbosa S.A. Administração e Participações (iv)	421	804
Raízen Energia S.A. (ii)	15	-
	<u>436</u>	<u>804</u>

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5. Related parties – Continued

(i) Cosan S.A. Indústria e Comércio

The balances receivable at December 31, 2014 and December 31, 2013 mainly related to reimbursements of administrative expenses.

The balance payable at December 31, 2014 and December 31, 2013 mainly related to reimbursement for shared corporate expenses.

(ii) Raízen Energia S.A. and subsidiaries

The balance receivable at December 31, 2014 and December 31, 2013 related to the provision of logistics services performed under conditions agreed between the parties, using an index based on the Information System for Freight.

The balance payable at December 31, 2014 and December 31, 2013 mainly related to reimbursements of administrative expenses shared with the Raízen Energia S.A.

At December 31, 2014, 31% of net operating revenue was provided by Raízen Energia S.A. customer and its subsidiaries (at December 31, 2013 this represented 30%), an entity jointly controlled by Cosan and Shell.

(iii) Logispot Armazéns Gerais S.A.

The balance at December 31, 2014 and December 31, 2013 related to advances and warehousing services provided under conditions agreed between the parties.

(iv) Rezende Barbosa S.A. Administração e Participações

The balance receivable related to a loan bearing interest of 9.60% per annum, as from the date of receipt, and payable monthly until May 15, 2015.

c) Officers and directors remuneration

The fixed and variable remuneration of key management people are recorded in income and amounted to R\$ 5,389 on December 31, 2014 (R\$ 2,594 on December 31, 2013), with all remuneration classified as short-term benefits.

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6. Investments

<u>Subsidiaries</u>	<u>Issued shares of the investee</u>	<u>Number of shares held by the investor</u>	<u>Percentage of interest (%)</u>	<u>Balance at December 31, 2013</u>	<u>Equity pick-up</u>	<u>Dividends</u>	<u>Reversal of dividends declared prior period</u>	<u>Interim dividends</u>	<u>Balance at December 31, 2014</u>
Rumo Logística Operadora Multimodal S.A.	1,026,488,214	769,866,161	75%	1,019,161	104,485	(20,400)	55,161	(187,500)	970,907
				<u>1,019,161</u>	<u>104,485</u>	<u>(20,400)</u>	<u>55,161</u>	<u>(187,500)</u>	<u>970,907</u>

<u>Subsidiaries</u>	<u>Issued shares of the investee</u>	<u>Number of shares held by the investor</u>	<u>Percentage of interest (%)</u>	<u>Balance at March 31, 2013</u>	<u>Equity pick-up</u>	<u>Dividends</u>	<u>Balance at December 31, 2013</u>
Rumo Logística Operadora Multimodal S.A.	1,026,488,214	769,866,161	75%	927,037	120,819	(28,695)	1,019,161
				<u>927,037</u>	<u>120,819</u>	<u>(28,695)</u>	<u>1,019,161</u>

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6. Investments -- Continued

Information of the subsidiaries:

	Balance at December 31, 2014
	Rumo Logística Operadora Multimodal S.A.
Current	
Assets	145,211
Liabilities	368,401
Net current liabilities	(223,190)
Non current	
Assets	2,337,758
Liabilities	820,026
Net non-current assets	1,517,732
Equity	1,294,542
Result	114,527
	Balance at December 31, 2013
	Rumo Logística Operadora Multimodal S.A.
Current	
Assets	555,661
Liabilities	363,037
Net current assets	192,624
Non current	
Assets	1,921,733
Liabilities	755,476
Net non-current assets	1,166,257
Equity	1,358,881
Result	161,092

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6. Investments -- Continued

Non-controlling:

	Issued shares of the investee	Number of shares held by non- controlling	Percentage of interest by non- controlling (%)	December 31, 2013	Equity pick- up by non- controlling	Dividends	Reversal of dividends declared prior period	December 31, 2014
Rumo Logística Operadora Multimodal S.A.	1,026,488,214	256,622,054	25%	339,720	28,632	(69,299)	24,583	323,636
Logisport Armazéns Gerais S.A.	2,040,816	1,000,000	49%	37,013	152	(99)	-	37,066
Rumo Um S.A.	5.000	-	0%	-	-	-	-	-
Rumo Dois S.A.	5.000	-	0%	-	-	-	-	-
Total				376,733	28,784	(69,398)	24,583	360,702

	Issued shares of the investee	Number of shares held by non- controlling	Percentage of interest by non- controlling (%)	March 31, 2013	Equity pick- up by non- controlling	Dividends	December 31, 2013
Rumo Logística Operadora Multimodal S.A.	1,026,488,214	256,622,054	25%	309,011	40,273	(9,564)	339,720
Logisport Armazéns Gerais S.A.	2,040,816	1,000,000	49%	37,902	(618)	(271)	37,013
Rumo Um S.A.	5.000	-	0%	-	-	-	-
Rumo Dois S.A.	5.000	-	0%	-	-	-	-
Total				346,913	39,655	(9,835)	376,733

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7. Property, plant and equipment

	Consolidated					
	Land, buildings and improvements	Machinery, equipment and facilities	Rail cars and locomotives	Construction in progress (ii)	Others	Total
Cost:						
At December 31, 2013	285,690	286,687	436,064	219,146	4,877	1,232,464
Additions	(1,510)	4,760	-	270,333	-	273,583
Disposals	(1,715)	(15,185)	-	-	(1,069)	(17,969)
Transfers (i)	61,262	97,805	83,928	(390,345)	1,240	(146,110)
At December 31, 2014	343,727	374,067	519,992	99,134	5,048	1,341,968
Depreciation:						
At December 31, 2013	(51,284)	(123,344)	(41,584)	-	(3,103)	(219,315)
Additions	(9,522)	(31,646)	(14,104)	-	(470)	(55,742)
Disposals	1,377	15,156	-	-	1,021	17,554
Transfers (i)	(8,778)	8,754	-	-	14	(10)
At December 31, 2014	(68,207)	(131,080)	(55,688)	-	(2,538)	(257,513)
At December 31, 2013	234,406	163,343	394,480	219,146	1,774	1,013,149
At December 31, 2014	275,520	242,987	464,304	99,134	2,510	1,084,455

(i) Refers to intangible transfers due to the capitalization of these assets and definitive transfers due to fixed assets group.

(ii) Construction in progress refers mainly to improvements in railway stretch mesh under the grant by ALL, which are reclassified to intangible assets (right of way in public grants) to the extent that projects are completed, suffering amortization as a result.

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7. Property, plant and equipment - Continued

	Consolidated					Total
	Land, buildings and improvements	Machinery, equipment and facilities	Rail cars and locomotives	Construction in progress (ii)	Others	
Cost:						
At March 31, 2013	284,111	254,611	433,158	162,539	4,593	1,139,012
Additions	-	6,053	-	191,994	-	198,047
Disposals	-	(1,236)	-	-	(57)	(1,293)
Transfers (i)	1,579	27,259	2,906	(135,387)	341	(103,302)
At December 31, 2013	285,690	286,687	436,064	219,146	4,877	1,232,464
Depreciation:						
At March 31, 2013	(45,006)	(106,778)	(31,361)	-	(2,952)	(186,097)
Additions	(6,278)	(16,722)	(10,223)	-	(205)	(33,428)
Disposals	-	156	-	-	54	210
At December 31, 2013	(51,284)	(123,344)	(41,584)	-	(3,103)	(219,315)
At March 31, 2013	239,105	147,833	401,797	162,539	1,641	952,915
At December 31, 2013	234,406	163,343	394,480	219,146	1,774	1,013,149

(i) Refers to intangible transfers due to the capitalization of these assets and definitive transfers due to fixed assets group.

(ii) Construction in progress refers mainly to improvements in railway stretch mesh under the grant by ALL, which are reclassified to intangible assets (right of way in public grants) to the extent that projects are completed, suffering amortization as a result.

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7. Property, plant and equipment -- Continued

At December 31, 2014, the bank loans were secured by wagons and locomotives for an amount of R\$ 464,304 (R\$ 394,480 at December 31, 2013).

The Company, through its direct subsidiary Rumo, did not identify any indicators of impairment loss on fixed assets for the years ended December 31, 2014 and December 31, 2013.

Capitalization of borrowing costs

During the year ended December 31, 2014, borrowing costs capitalized amounted to R\$ 5,779 (R\$ 6,019 at December 31, 2013). The weighted average rate of financial charges or borrowings, used for capitalization of interest on the balance of construction in progress, was 5.16% p.a until December 31, 2014 (5.96% p.a for the year ended December 31, 2013).

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8. Intangible assets

	Consolidated			
	Goodwill	Improvements in public concessions and operation licenses (ii)	Others	Total
Cost:				
At December 31, 2013	100,451	726,838	1,559	828,848
Disposals	-	-	(11)	(11)
Transfers (i)	-	143,917	2,193	146,110
At December 31, 2014	100,451	870,755	3,741	974,947
Amortization:				
At December 31, 2013	-	(72,520)	(693)	(73,213)
Additions	-	(40,923)	(579)	(41,502)
Disposals	-	-	11	11
Transfers (i)	-	10	-	10
At December 31, 2014	-	(113,433)	(1,261)	(114,694)
At December 31, 2013	100,451	654,318	866	755,635
At December 31, 2014	100,451	757,322	2,480	860,253

(i) Refers to transfers to intangible assets as a result of the conclusion of such assets.

(ii) Improvements in public grants and operating license refer mainly to improvements in railway stretch mesh under the grant by ALL.

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8. Intangible assets

--Continued

	Consolidated			
	Goodwill	Improvements in public concessions and operation licenses (ii)	Others	Total
Cost:				
At March 31, 2013	100,451	624,292	803	725,546
Transfers (i)	-	102,546	756	103,302
At December 31, 2013	100,451	726,838	1,559	828,848
Amortization:				
At March 31, 2013	-	(47,276)	(410)	(47,686)
Additions	-	(25,244)	(283)	(25,527)
At December 31, 2013	-	(72,520)	(693)	(73,213)
At March 31, 2013	100,451	577,016	393	677,860
At December 31, 2013	100,451	654,318	866	755,635

(i) Refers to transfers to intangible assets as a result of the conclusion of such assets.

(ii) Improvements in public grants and operating license refer mainly to improvements in railway stretch mesh under the grant by ALL.

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8. Intangible assets -- Continued

Intangibles (except goodwill)	Annual rate of amortization	December 31, 2014	December 31, 2013
Software (a)	20%	2,480	866
Operating license and customer base (b)	3.7%	250,826	262,775
Public concession (c)	5.93%	506,496	391,543
Total		759,802	655,184

a) Refers mainly to the business management system - ERP of the Company.

b) License for port operations and relationship with the customers of the Company, through its direct subsidiary Rumo, from business combination.

c) Refers to improvements made to the railways operated by ALL in relation to the transport contract with the Company, through its direct subsidiary Rumo. These are amortized according to the remaining term of the concession with ALL, which continues through 2029. These improvements ensure Rumo can execute the contract since it now has transport rights to the railway, as well as a minimum guarantee of available cargo capacity.

The Company, through its direct subsidiary Rumo, annually tests the recoverable amounts of intangible assets with indefinite useful lives, consisting mainly of goodwill, based on expected future earnings from business combination. Assets subject to depreciation and amortization are tested for impairment whenever there are indicators that the carrying amount may not be recoverable.

The goodwill acquired through business combinations was allocated to the Rumo CGU, as shown below:

	Consolidated	
	December 31, 2014	December 31, 2013
Rumo CGU	100,451	100,451
Total goodwill	100,451	100,451

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8. Intangible assets -- Continued

The impairment test was performed only for goodwill as a result of failing to identify predictors of test for non-financial assets (fixed and intangible assets with finite useful lives).

The recoverable amount was determined by the fair value method, using as a basis the price that would be received to sell an asset or that would be paid by transferring a liability in an orderly transaction between market participants at the measurement date.

Based on the particular valuation at fair value of the Company's investments in November 30, 2014, obtained from analyzes made in association context with ALL, the Company had net assets of working capital and contingencies in the amount of R\$ 1,852,221 , being the fair value of investments valued at R\$ 4,000,000, resulting in an impairment space of R\$ 2,147,779 in the impairment test of the Company's assets.

Based on of test impairment at fair value, the Company's CGU assets showed no need for a provision for reduction in their recoverable amount for the year ended December 31, 2014.

As a result of the impairment tests performed, no expense for impairment of assets or goodwill was recognized. The determination of the recoverability of assets depends on certain key assumptions as described above, and these are influenced by current market, technological and economical conditions. Accordingly these tests cannot determine future impairment losses and/or their materiality.

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9. Loans and borrowings

Description	Financial charge (a)		Consolidated		Maturity date
	Index	Nominal interest rate	December 31, 2014	December 31, 2013	
Finame	Pré-fixed	4,03%	307,005	277,059	nov/22
Finame	Long-term interest rate reference unit("URTJLP")	6,93%	457,570	428,915	may/22
Finem	Pré-fixed	3,50%	3,420	-	jan/24
Finem	Long-term interest rate ("TJLP")	6,66%	13,231	-	jan/22
Finem	Consumer price index ("IPCA")	14,60%	3,483	-	nov/21
			784,709	705,974	
Current			127,425	107,200	
Non-current			657,284	598,774	

a) Financial charges at December 31, 2014, unless otherwise indicated.

Warranties and guarantees

	Consolidated	
	December 31, 2014	December 31, 2013
Chattel mortgage		
Wagons and locomotives	464,304	394,480
Mortgage		
Land, buildings and improvements	191,660	191,660
Guarantees	817,697	-
Endorsements / promissory notes	-	119,834
Total	1,473,661	705,974

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9. Loans and borrowings -- Continued

Machinery and Equipment Financing (“FINAME”), intermediated by financial institutions, and used for investments in fixed assets. These loans are subject to interest payable monthly and are secured by liens on the assets financed.

Business Finance (“FINEM”), intermediated by financial institutions, and intended for implementation, expansion, recovery and modernization of fixed assets. These loans are subject to interest payable monthly and are secured by liens on the assets financed.

Unused credit lines

At December 31, 2014, the Company, through its direct subsidiary Rumo, had available lines of credit for financing from the National Bank for Economic and Social Development (“BNDES”), which were unused. These totaled R\$ 698,664 (R\$ 385,999 at December 31, 2013).

Covenants

The Company and its subsidiaries are subject to certain market restrictive financial covenants set forth in existing loans and financing agreements based on certain financial indicators, where the debt coverage ratio cannot be less than 1.2 (one and two tenths), calculated at the end of each year. For the period ended December 31, 2014, the Company and its subsidiaries have not provided indications of unmet covenants.

The non-current borrowings are scheduled to fall due as follows as from the balance sheet date:

	<u>Consolidated</u>	
	<u>December 31, 2014</u>	<u>December 31, 2013</u>
13 to 24 months	140,050	108,227
25 to 36 months	139,336	106,964
37 to 48 months	139,326	106,215
49 to 60 months	128,633	106,204
61 to 72 months	63,622	94,867
73 to 84 months	38,607	44,486
85 to 96 months	7,247	26,991
Thereafter	463	4,820
	<u>657,284</u>	<u>598,774</u>

On December 31, 2014 and 2013, the carrying value approximates fair value.

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

10. Income tax and other taxes payable

Description	Consolidated	
	December 31, 2014	December 31, 2013
Income tax payable	2,962	11,568
Contribution to social security financing (“COFINS”)	1,919	3,400
Social integration program (“PIS”)	390	738
National social security institute (“INSS”)	1,687	2,026
Tax on circulation of goods, transport services and communication (“ICMS”)	1,025	1,835
Recovery program (“Refis”) (i)	902	-
Others	1,377	1,548
	<u>7,300</u>	<u>9,547</u>
	<u>10,262</u>	<u>21,115</u>
Current	<u>10,262</u>	<u>21,115</u>

(i) Accession period has reopened to Refis IV by General Attorney Treasury (“PGFN”) and Brazil Federal Revenue (“RFB”). Taxpayers have rules to be observed for membership and stay in installments established by Law 11,941 / 2009, with the accession of opportunity created by Law No. 12,996/2014.

11. Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses:

Description	Parent Company	
	December 31, 2014	December 31, 2013
Profit before tax	104,316	120,819
Income tax and social contribution at nominal rate (34%)	(35,467)	(41,078)
Adjustments to determine the effective rate:		
Equity pick-up	35,525	41,078
Others	(62)	-
Income tax and social contribution expense (current and deferred)	<u>(4)</u>	<u>-</u>
Effective rate %	0,00%	0.00%

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

11. Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses: -- Continued

Description	Consolidated	
	December 31, 2014	December 31, 2013
Profit before tax	191,440	243,641
Income tax and social contribution at nominal rate (34%)	(65,090)	(82,838)
Adjustments to determine the effective rate:		
Permanent differences (donations, gifts, etc)	(266)	(527)
Worker food program (PAT) - Deduction	682	55
Tax breaks	47	61
Gain on disposal of dividends declared	6,320	-
Other	(37)	82
Income tax and social contribution expense (current and deferred)	(58,344)	(83,167)
Effective rate %	30,48%	34.14%

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

11. Income tax and social contribution -- Continued

b) Deferred corporate income tax (IRPJ) and social contribution (CSLL) assets and liabilities:

Description	Consolidated				December 31, 2013
	December 31, 2014				
	Basis	IRPJ 25%	CSLL 9%	Total	
Taxes losses:					
Taxes losses	2,290	572	-	572	-
Tax losses of social contribution	2,290	-	206	206	-
Temporary differences:					
Accelerated depreciation	(260,078)	(65,020)	-	(65,020)	(71,500)
Goodwill amortized tax	24,698	6,175	2,223	8,398	25,843
Review of useful life	(122,558)	(30,640)	(11,030)	(41,670)	(28,018)
Business combination - Fixed assets	(79,870)	(19,968)	(7,188)	(27,156)	(28,271)
Business combination - Intangible assets	(250,450)	(62,613)	(22,541)	(85,154)	(89,145)
Provision for judicial demands	13,378	3,345	1,204	4,549	5,335
Provision for profit sharing	10,138	2,535	912	3,447	2,070
Allowance for doubtful	22,122	5,531	1,991	7,522	7,766
Other	(4,171)	(1,043)	(375)	(1,417)	(5,453)
Other temporary differences	-	-	-	-	8,405
Total	(642,211)	(161,126)	(34,598)	(195,723)	(172,968)
Deferred income tax - Assets				875	1,632
Deferred income tax - Liabilities				(196,598)	(174,600)
Total deferred taxes				(195,723)	(172,968)

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11. Income tax and social contribution -- Continued

c) Recovery of income tax and social contribution:

In assessing the recoverability of deferred tax assets, management considers the projections future taxable income and the movement of temporary differences. When it is more likely that a part or all of the taxes may not be recovered, a provision is made. There is no expiration date for the use of income tax and social contribution losses, but the use of these accumulated losses from previous years is limited to 30% of annual taxable income.

d) Changes in deferred taxes (net):

	Consolidated	
	December 31, 2014	December 31, 2013
Deferred tax at the beginning of the year	(172,968)	(95,418)
Income	(22,755)	(77,550)
Deferred tax at the end of the year	<u>(195,723)</u>	<u>(172,968)</u>

12. Provision for judicial demands

	Consolidated	
	December 31, 2014	December 31, 2013
Tax	1,825	1,774
Civil	12	-
Labor	11,541	9,465
	<u>13,378</u>	<u>11,239</u>

Judicial deposits at December 31, 2014 and December 31, 2013, were as follows:

	Consolidated	
	December 31, 2014	December 31, 2013
Tax	5,123	4,701
Civil	20,321	527
Labor	4,227	1,468
	<u>29,671</u>	<u>6,696</u>

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

12. Provision for judicial demands -- Continued

Changes in the provision for litigation were:

	Consolidated			
	Tax	Civil	Labor	Total
Balance at December 31, 2013	1,774	-	9,465	11,239
Write-offs / payments	(1,213)	-	(2,927)	(4,140)
Write-offs interest	(4)	-	(359)	(363)
Additions	1,182	7	3,786	4,975
Monetary variation	86	5	1,576	1,667
Balance at December 31, 2014	1,825	12	11,541	13,378

Judicial claims deemed as probable losses:

a) Tax

The main tax claims at December 31, 2014 and December 31, 2013, were as follows:

	Consolidated	
	December 31, 2014	December 31, 2013
Compensation of PIS and COFINS	1,037	1,008
Urban building and land tax (“IPTU”)	-	15
INSS (i)	788	751
	1,825	1,774

(i) Accident Prevention Factor and additional holidays.

b) Civil and labor

The main civil and labor at December 31, 2014 and December 31, 2013, were as follows:

	Consolidated	
	December 31, 2014	December 31, 2013
Labor (i)	11,541	9,465
Other	12	-
	11,553	9,465

(i) The Company, through its subsidiaries, are party to labor lawsuits filed by former employees and employees of service providers that question, among others, the payment of overtime, night and hazard pay, job reinstatement, compensation for accidents at work and the return made on the discounts payroll, such as confederation dues, union dues and other.

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12. Provision for judicial demands -- Continued

Judicial claims deemed as possible losses:

a) Tax

The main taxes claims for which unfavorable outcomes were deemed possible and for which, therefore, no provision was recorded, and those which were of a similar nature, at December 31, 2014 and December 31, 2013, were as follows:

	Consolidated	
	December 31, 2014	December 31, 2013
Compensation of negative balance of IRPJ / CSLL	5,721	3,368
INSS (i)	460	876
IR/CSLL - Tax assessment (ii)	996	922
IPTU (iii)	9,995	5,871
Other	1,043	1,265
	18,215	12,302

i) INSS: Refers to the amounts objected to and being defended at the administrative level, especially on the requirement of the social security on sales in retail materials to the same economic group companies and suppliers.

ii) IR/CSLL – Assessment Notice: Refers to amounts related to income tax and social contribution offset by negative credit balance of social contribution. Questions the restriction resulting from item IX of paragraph 3 of Article 74 of Law No. 9,430/96, inserted by Law No. 11,941/09.

iii) Refers to demand for payment of IPTU for the warehouses of the port terminal. Since the properties are owned by the Federal Government, the Company believes that the demand of the Municipality of Santos is unwarranted, given the existence of reciprocal immunity. Moreover, as the Company, through its subsidiaries, does not own the property, but is a mere lessee (there is no "animus domini"), the legal requirements of Articles 32 and 34 of the Internal Revenue Code do not exist, and the demand is therefore illegal, in accordance with precedents of the Superior Court of Justice.

b) Civil and labor

At December 31, 2014 and December 31, 2013, the main civil and labor claims for which an unfavorable outcome was deemed possible and for which, therefore, no provision was recorded, and those of a similar nature, were as follows:

	Consolidated	
	December 31, 2014	December 31, 2013
Civil (i)	17,539	9,757
Labor (ii)	44,376	106,502
	61,915	116,259

i) Filing of new demands of a collection nature or damages and reclassification of the probability of loss of a remote demand to possible.

ii) Decrease from the previous period due to changes and procedural drives with their case reviews, which eventually modify the probability, from possible to remote.

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13. Commitments

Purchases

The Company, through its subsidiary Rumo, has signed commitments for improvements in the railway network of ALL to be honored in future years, as follows:

Period	Consolidated
	December 31, 2014
2015	22,000
Total	22,000

Lease agreements

Operating leases

The future minimum rental payments under non-cancelable operating leases at December 31, 2014 and December 31, 2013, were as follows:

	Consolidated	
	December 31, 2014	December 31, 2013
Within one year	45,573	52,173
Over one year, less than five years	222,504	263,642
Total	268,077	315,815

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14. Equity

a. Common stock

The fully paid capital at December 31, 2014 was R\$ 940,753 and was represented by 405,856,814 common shares, without par value.

As mentioned in Note 1, on September 18, 2014, to increase the Company's share capital in the amount of R\$ 1,000 was approved, from R\$ 939,753 to R\$ 940,753, through the issue of 1,000,000 new ordinary shares, all registered shares with no par value.

b. Legal reserve

At December 31, 2014, the Company allocated to its legal reserve 5% of the profit for the year, equivalent to R\$ 5,216 (R\$ 6,041 at December 31, 2013), in accordance with the bylaws and in compliance with Brazilian corporate law.

c. Reserve for retained earnings

In accordance with Law 6.404/76, management will propose to the next Annual General Meeting the retention of a portion of the profit for the year through the presentation of a capital budget of R\$ 74,322 at December 31, 2014 (R\$ 86,084 at December 31, 2013), for financing the Company's investment plans and modernization.

d. Dividends

At Meeting of the Board of Directors on September 18, 2014, shareholders approved by unanimous vote and without reservations, the reversal of dividends declared for the years ended March 31, 2013 and December 31, 2013, the value of R\$ 3,266 and R\$ 28,694 respectively for the allocation of profit reserve account, as the capital budget presented by management, as provided in Article 196 of Law 6,404 76.

In addition, at Meeting of the Board of Directors on September 18, 2014, shareholders approved by unanimous vote and without reservations, the payment of dividends totaling R\$ 187,500, an amount allocated to the retained earnings reserve account the Company pursuant to Article 32, paragraph 1 of the Bylaws. The total dividends were already paid, R\$ 93,750 during the quarter ended June 30, 2014 and the rest during the quarter ended September 30, 2014.

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At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

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14. Equity -- Continued

d. Dividends -- Continued

Bylaws stipulate the distribution of a minimum dividend of 25% of the profit for the year after allocation of 5% to the legal reserve. The amount of the dividend which management proposed to put forward for ratification at the Annual General Meeting was R\$ 24,774 at December 31, 2014 (R\$ 28,694 at December 31, 2013).

The determination of dividends, as well as the allocation of net income from the year of 2014 will be determined at the next Annual General Meeting.

	Parent Company	
	December 31, 2014	December 31, 2013
Income of de year	104,312	120,819
Legal reserve - 5%	(5,216)	(6,041)
Calculation basis for the dividend distribution	99,096	114,778
Mandatory minimum dividend - 25%	(24,774)	(28,694)
Dividends from prior years	(31,960)	(3,266)
Reversal of dividends from prior years	31,960	-
Interim dividends	(187,500)	-
Dividends paid	187,500	-
Total dividends payable	(24,774)	(31,960)

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15. Earnings per share

Earnings per share are computed by dividing net income by the weighted average ordinary shares outstanding during the year. Diluted earnings per share are calculated by adjusting average shares outstanding and reflect the conversion of all potentially dilutive options.

The following table sets forth the computation of earnings per share for the periods ended at December 31, 2014 and December 31, 2013 (in thousands, except per share amounts):

Basic

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Numerator		
Income from operations attributable to controlling shareholders	104,312	120,819
Denominator		
Weighted average number of common share	405,856,814	939,753,176
Denominator for basic earnings per share	405,856,814	939,753,176
Income basic earnings per share	<u>R\$ 0.257</u>	<u>R\$ 0.129</u>

Diluted

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Numerator		
Income from operations attributable to controlling shareholders	104,312	120,819
Denominator		
Weighted average number of common share	405,856,814	939,753,176
Potential increase of common share	1,558,663	-
Denominator for diluted earnings per share	<u>407,415,477</u>	<u>939,753,176</u>
Income diluted earnings per share	<u>R\$ 0.256</u>	<u>R\$ 0.129</u>

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

16. Gross sales

	Consolidated	
	December 31, 2014	December 31, 2014
Taxable gross revenue from sales of products and services	1,000,065	845,100
Taxes and deduction over sales	(84,624)	(95,752)
Net revenue	915,441	749,348

Opening of net sales:

	Consolidated	
	December 31, 2014	December 31, 2014
Elevation	220,543	138,236
Transport	671,600	597,476
Other	23,298	13,636
	915,441	749,348

Breakdown of net revenue by region:

	Consolidated	
	December 31, 2014	December 31, 2014
Domestic market	758,456	676,922
Foreign market	156,985	72,426
	915,441	749,348

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17. Expenses by nature

The expenses are presented in the statement of income by function. The reconciliation by nature/purpose for the year ended at December 31, 2014 and December 31, 2013, as required by IAS 1, was as follows:

a) Expenses by nature:

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Material usage and consumption	-	-	(35,504)	(29,891)
Hired labor	-	-	(23,081)	(15,805)
Employee benefit expense	(187)	-	(98,828)	(65,941)
Transport and elevation expenses	-	-	(406,979)	(313,666)
Rental of machinery and equipment	-	-	(17,161)	(11,729)
Depreciation and amortization	-	-	(97,244)	(58,955)
Other expenses	-	-	(19,396)	(9,045)
	<u>(187)</u>	<u>-</u>	<u>(698,193)</u>	<u>(505,032)</u>

b) Classified as:

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cost of goods and services sold	-	-	(610,361)	(447,444)
General and administrative	(187)	-	(87,832)	(57,588)
	<u>(187)</u>	<u>-</u>	<u>(698,193)</u>	<u>(505,032)</u>

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18. Financial result

	Parent Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Financial expenses				
Interest on loans	-	-	(40,571)	(31,532)
Interest on other financial liabilities	-	-	(1,115)	(1,688)
Bank fees (a)	-	-	(29,015)	(678)
Other	-	-	-	(6)
	-	-	(70,701)	(33,904)
Financial income				
Income from investments	18	-	29,892	33,462
Interest on other financial assets	-	-	5,835	13,759
Other	-	-	9	-
	18	-	35,736	47,221
Monetary variations (b)	-	-	1,313	372
	-	-	1,313	372
Financial income	18	-	33,995	42,508
Financial expenses	-	-	(67,647)	(28,819)
	18	-	(33,652)	13,689

a) Includes commission expenses corresponded to operations related to the incorporation of ALL shares issued by the Company.

b) Includes gains on foreign currency assets and liabilities denominated in foreign currency.

19. Other income (expenses), net

	Consolidated	
	December 31, 2014	December 31, 2013
Reversal (provision) for judicial demand	(1,855)	(909)
Income (expenses) from port operations (a)	9,628	5,687
Revenue from rents and leases	769	492
Costs with corporate transactions (b)	(19,125)	-
Expenses claim	1,254	2,266
Reversal (provision) for losses on receivables	703	(22,211)
Gains on cancellation of dividends declared	18,589	-
Other income (expenses), net	(2,119)	311
	7,844	(14,364)

a) These gain (losses) corresponded to operations related to Despatch / (Demurrage) and take or pay, and were linked to port activity performance.

b) These costs relate mainly to operations related to the incorporation of ALL shares issued by the Company.

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20. Financial instruments

(a) Overview

With regard to its financial instruments, the Company is exposed to risks related to the following:

1. Foreign exchange rates
2. Interest rates
3. Credit
4. Liquidity

This Note presents information about the exposure of the Company and its subsidiaries to these risks, as well as the objectives of the Company's risk management policies, and the policies and processes for the measurement and management of risk, and for capital management.

(b) Foreign exchange risks

The risk arises from the possibility of fluctuations in exchange rates contracted for the revenue from export services of port lifting and storage and other assets and liabilities in foreign currency. The Company has no derivative instruments to hedge this exposure.

In December 31, 2014 and December 31, 2013, the Company and its subsidiaries had the following net exposure to exchange rates changes in assets and liabilities denominated in US Dollars:

	Consolidated			
	December 31, 2014		December 31, 2013	
	R\$	US\$	R\$	US\$
Accounts receivable	4,708	1,772	6,067	2,590
Net exchange exposure	4,708	1,772	6,067	2,590

(c) Interest rate risk

The Company's financial investments are usually based on floating interest rates linked to the Interbank Deposit Certificate ("CDI") interest rate. Loans are based on composite rates of interest for fixed interest rate and partly by TJLP. The Company monitors these fluctuations in interest rates and may, if it is necessary, enter into derivative contracts to minimize these risks. In December 31, 2014 and December 31, 2013, the Company had no derivative contracts in interest rates.

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20. Financial instruments -- Continued

(d) Credit risks

The contracts for the Company's port lifting services generally provide for receipt prior to the effective realization of services. Thus, the Company significantly reduces its exposure to credit risk. Historically, the Company has not recorded significant losses on accounts receivable.

The credit risk on cash and cash equivalents, and bank deposits in national and foreign financial institutions are determined using rating instruments accepted by the market, and were as follows:

Bank deposits	6,094
Financial investments	80,389
AAA	40,940
AA	39,449
December 31, 2014	<u>86,483</u>
Bank deposits	5,442
Financial investments	492,306
AAA	492,306
December 31, 2013	<u>497,748</u>

(e) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries encounter difficulties meeting the obligations associated with their financial liabilities that are to be settled with cash or other financial assets. The approach of the Company and its subsidiaries to liquidity management is to ensure, as much as possible, that it always has sufficient liquidity to meet its obligations due, under normal and stress situations, without causing unacceptable losses or risking damage to the reputation of the Company and its subsidiaries.

The table below presents the non-derivative financial liabilities classified by due date at December 31, 2014.

	December 31, 2014				Total	December
	Up to one year	One to two years	Three to five years	More than five years		31, 2013
Loans and borrowings	131,696	153,676	503,701	166,907	955,981	814,437
Trade payables	141,289	-	-	-	141,289	82,872
Total	<u>272,985</u>	<u>153,676</u>	<u>503,701</u>	<u>166,907</u>	<u>1,097,270</u>	<u>897,309</u>

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20. Financial instruments -- Continued

Financial guarantee are presented for the maximum amounts and are used to ensure payment of debts of its subsidiaries. There is no expectation of loss arising from these contracts.

(f) Fair value

The fair value of financial assets or liabilities is the price at which the instrument could be exchanged in a current transaction between parties willing to negotiate, and not in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair value.

Cash and cash equivalents, trade accounts receivable and payable, and other short-term liabilities approximate their respective carrying values due largely to the short-term maturities of these instruments.

The fair value of non-negotiable instruments, bank loans and other debts, obligations under finance leases, as well as other non-current financial liabilities, are estimated using discounted future cash flows at rates currently available for debt with similar remaining maturities.

The market values of other borrowings approximate their carrying values due to the fact that these financial instruments are subject to variable interest rates. For details see Note 9.

The Company has no derivative financial instruments to hedge this exposure.

(g) Sensitivity analysis

Below is a sensitivity analysis of the fair value of the financial instruments, in accordance with the types of risks deemed to be significant by the Company:

Assumptions for sensitivity analysis

For the analysis, the Company adopted three scenarios, one of which is probable and two of which may impair the fair value of financial instruments. The probable scenario was defined based on US Dollar market curves as at December 31, 2014, which determine the fair value of the derivatives at that date. Stressed scenarios were defined based on adverse impacts of 25% and 50% on the US Dollar price curves defined in the probable scenario.

Sensitivity table

Based on assets and liabilities denominated in US Dollars, as at December 31, 2014, the Company conducted simulations by increasing and decreasing the exchange rate (R\$ / US\$) by 25% and 50%. The likely scenario considers the Company's projections for the exchange rates at maturity of operations as follows:

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20. Financial instruments -- Continued

(g) Sensitivity analysis – Continued

Sensitivity table - Continued

		Exchange rate simulations (R\$/US\$)					
		Scenarios					
		2014	Probable	25%	50%	-25%	-50%
December 31, 2014		2.6562	2.6562	3.3203	3.9843	1.9922	1.3281
		Exchange rate simulations (R\$/US\$)					
		Scenarios					
		2013	Probable	25%	50%	-25%	-50%
December 31, 2013		2.3426	2.3426	2.9282	3.5139	1.7569	1.1713

Considering the above scenario, the profit and loss would be affected as follows:

		December 31, 2014					
		Balance	Probable	25%	50%	-25%	-50%
Trade receivables in foreign currency		4,708	4,708	1,177	2,354	(1,177)	(2,354)
		December 31, 2013					
		Balance	Probable	25%	50%	-25%	-50%
Trade receivables in foreign currency		2,590	2,590	648	1,295	(648)	(1,295)

The Company performed a sensitivity analysis on interest rates on loans and financing and financial remuneration for CDI applications with increases and decreases of 25% and 50%, the results of which are presented below:

		December 31, 2014					
		2014	Probable	25%	50%	-25%	-50%
Cash and cash equivalents		86,487	86,487	12,675	15,213	7,603	5,068
Loans and borrowings		(786,037)	(786,037)	(43,483)	(51,946)	(26,331)	(17,637)
			(699,550)	(30,807)	(36,734)	(18,728)	(12,570)

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Notes to the consolidated financial statements

At December 31, 2014 (twelve-month period beginning January 1, 2014) and December 31, 2013 (nine-month period beginning April 1, 2013)

(In thousands of Brazilian Reals – R\$, unless otherwise stated)

20. Financial instruments -- Continued

(g) Sensitivity analysis – Continued

Sensitivity table - Continued

The categories of financial instruments were:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
	Loans and receivables	Loans and receivables
Assets		
Cash and cash equivalents	86,487	497,754
Trade receivables	489,378	257,907
Judicial deposits	29,671	6,696
	<u>605,536</u>	<u>762,357</u>
	<u>December 31, 2014</u>	<u>December 31, 2013</u>
	Other financial liabilities	Other financial liabilities
Liabilities		
Loans and borrowings	784,709	705,974
Trade payables	141,289	82,872
Dividends payable	32,377	75,837
	<u>958,375</u>	<u>864,683</u>

(h) Capital management

The Company's policy is to maintain a solid capital base to maintain the confidence of investors, creditors and the market, and to ensure the future development of the business. Management monitors the return on capital, which the Company defines as the result of operating activities divided by total net equity, Leverage ratios, involving cash generation (EBITDA), short-term debt and total debt.

On December 31, 2014, the Company had negative working capital of R\$ 218,356, mainly due to the payment of dividends amounting to R\$ 187,500. Despite this event, the Company recorded net operating cash flow of R\$ 73,152, net for the increase in accounts receivable with ALL R\$ 221,292 which ended the year at R\$ 446,693 consisting of receivables related to the compensation provided for by contract (Note 4) periods already incurred. In addition, there were also investments in modernization and expansion of the logistics system in R\$ 273,583 to meet the Company's business plan. Therefore, the Company's plans indicate that the commitments will be honored.

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20. Financial instruments -- Continued

(i) The fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the evaluation methodology.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

The fair value of assets and liabilities traded in active markets is based on the quoted market value at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, group industries, pricing, service or regulatory agency, and those prices represent actual transactions regularly occurring under normal market conditions.

Level 2: other techniques for which all data that have significant effect on the value just registered are observable, either directly or indirectly;

The fair value of assets and liabilities that are not quoted in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific inputs. If all relevant information required to measure the fair value of an instrument is observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on market data, the asset or liability is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of future cash flows estimated based on observable yield curves;
- Other techniques, such as analysis of discounted cash flows, are used to determine fair value for the remaining financial instruments.

Level 3: inputs for the instrument that are not based on observable market data (or are, unobservable inputs).

On December 31, 2014 and December 31, 2013 there were no financial instruments measured at fair value.

The disclosure of the fair value of loans disclosed in Note 10 has been established using an evaluation methodology classified as Level 2.

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(In thousands of Brazilian Reals – R\$, unless otherwise stated)

21 Pension and post-employment benefit plans

Pension plan

Defined contribution

Since June 1, 2011, the Company and its subsidiaries have sponsored a defined contribution plan for all employees (“Futura II”). The Company does not have a legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all of the benefits owed. During the year ended December 31, 2014 the amount of contributions totaled R\$ 64 (R\$ 98 on December 31, 2013).

22. Subsequent events

Approved the merger of ALL shares by CADE:

On February 11, 2015, in response to the provisions of Article 2 of CVM Instruction 358/2002, the act of concentration on the incorporation of ALL shares issued by the Company was approved by CADE unanimously pursuant to Article 61 of Law No. 12,529/2011, upon the conclusion of an ACC.

For the ACC force, the Company will adopt through its direct subsidiary Rumo, certain behaviors aimed to eliminate the competition concerns identified in the opinion of the General Superintendent of CADE.

These behavioral obligations remain in force for a period of seven years and are aimed mainly at ensuring compliance of isonomic users of rail freight loads, mainly through strengthening governance rules, and transparency mechanisms to adopt the parameters of pricing, call control services and limiting the use of rail transport by related parties.

Considering the obtained approval, the Company will proceed with the necessary steps to effect the merger process, as the Merger Protocol.

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