Companhia Mineira de Açúcar e Álcool Participações

Financial Statements
at March 31, 2019

CMAA

Contents

Ed. Walk Bueno Business
Rua T-55 esq. Com T-30, 930 - 11o Andar
Setor Bueno
74.215-17 – Goiânia, GO, Brasil
Phone: +55 62 3605 1100
www.ey.com.br

A free translation from Portuguese into English of Independent auditor's report on individual and consolidated financial statements prepared in Brazilian currency in accordance with Brazilian and International Standards on Auditing

Independent auditor's report on individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Companhia Mineira de Açúcar e Álcool Participações
Uberaba - MG

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Companhia Mineira de Açúcar e Álcool Participações as at March 31, 2019, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For the matter below, our description of how our audit addressed such matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the individual and consolidated financial statements” section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement of biological assets

The Company measures its biological assets, which correspond to the agricultural produce in development (sugarcane), based on its fair value, calculated based on the discounted cash flow of the crop in formation. As mentioned in Notes 5 and 13, this measurement is a significant estimate and is based on several assumptions and methodologies adopted by the Company's management, for which internal and external information was used, mainly related to productivity, profitability, prices and discount rates. At March 31, 2019, the Company had a balance of R$90,996 thousand in Biological assets, under current assets.

This matter was considered a key audit matter due to the significance of the values of biological assets recorded by the Company and to the uncertainties inherent in this type of estimate, as well as the necessary judgment, which should be exercised by management when determining the assumptions of calculations of the fair value of the assets.

How our audit addressed this matter:

Our audit procedures included, among others, the use of subject matter experts to assist us in evaluating the assumptions and methodology used by the Company, particularly those relating to the estimated productivity, profitability, future prices of sugar alcohol and interest rates for cash flows discounts. We also evaluated the adequacy of the disclosures made by the Company on the assumptions used in the calculation of the respective fair value under current assets, and its impact in P&L for the year.

Based on the result of the audit procedures on the recognition and measurement of the biological assets, which is consistent with the management evaluation, we considered that the criteria and assumptions used to measure the fair value of the respective biological assets, as well as the disclosures included in Notes 13, are acceptable in the context of the overall financial statements.

Other matters

Statement of value added

The individual and consolidated statement of value added (SVA) for the year ended March 31, 2019, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company’s financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by CPC 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Audit of corresponding figures

The Company's individual and consolidated financial statements for the year ended March 31, 2018 were audited by another independent auditor who issued a report on June 27, 2018, expressing an unmodified opinion on these financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the 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.

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

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

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

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

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

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

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

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

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

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

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

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Goiânia, June 19, 2019.

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

Wagner dos Santos Junior
Partner – Accountant CRC-1SP-216386/O-T

A free translation from Portuguese into English of individual and consolidated financial statements prepared in Brazilian currency in accordance with Brazilian and International Standards on Auditing

STATEMENTS OF FINANCIAL POSITION

(In thousands of reais)

		Consolidated		Individual	
ASSETS	**Note**	**2019**	**2018**	**2019**	**2018**
Cash and cash equivalents	9	381,350	242,729	11	562
Restricted short-term investments	10	4,619	4,837	-	-
Trade and other accounts receivable	11	28,731	92,356	-	-
Inventories	12	46,579	42,712	-	-
Biological assets	13	90,996	73,316	-	-
Taxes and contributions recoverable	14	22,079	32,348	166	156
Derivative financial instruments	25	7,626	9,860	-	-
Advances to suppliers and other assets	15	94,464	55,312	94	61
TOTAL CURRENT ASSETS		**676,444**	**553,470**	**271**	**779**
NONCURRENT ASSETS					
Advances to suppliers and other assets	15	41,533	21,697	-	-
Trade and other accounts receivable	11	29,480	1,064	332	52
Judicial deposits		2,911	3,586	10	-
Taxes and contributions recoverable	14	28,463	11,880	65	65
Derivative financial instruments	25	443	3,829	-	-
Deferred income and social contribution taxes	26	23,382	8,742	-	-
TOTAL NONCURRENT ASSETS		**126,212**	**50,798**	**407**	**117**
Investments	16	**140**	**137**	**302,254**	**222,425**
Property, plant and equipment	17	**689,079**	**538,261**	**-**	**-**
Intangible assets		**6,153**	**6,272**	**722**	**722**
TOTAL NONCURRENT ASSETS		**821,584**	**595,468**	**303,383**	**223,264**
TOTAL ASSETS		**1,498,028**	**1,148,938**	**303,654**	**224,043**

		Consolidated		Individual	
LIABILITIES AND EQUITY	**Note**	**2019**	**2018**	**2019**	**2018**
Loans and financing	18	212,658	196,057	-	-
Debentures	19	-	5,755	-	-
Derivative financial instruments	25	1,671	3,108	-	-
Trade and other accounts payable	20	103,288	77,795	93	95
Provisions and labor charges		23,873	18,467	-	16
Tax obligations		9,132	7,636	5,240	5,246
Advances from customers	21	40,095	61,792	1	1
Other current liabilities		652	8,498	83	100
TOTAL CURRENT LIABILITIES		**391,369**	**379,108**	**5,417**	**5,458**
Loans and financing	18	719,532	547,106	-	-
Intercompany loans	18	-	474	5,552	3,904
Derivative financial instruments	25	8,036	11,616	-	-
Other noncurrent liabilities		2,686	2,343	-	-
Provision for losses on investments	16	-	-	-	9,858
Advances from customers	21	79,364	-	-	-
Provisions for contingencies	22	4,356	3,468	-	-
TOTAL NONCURRENT LIABILITIES		**813,974**	**565,007**	**5,552**	**13,762**
EQUITY	23				
Capital		379,239	303,364	379,239	303,364
Capital reserve		4,164	4,164	4,164	4,164
Equity adjustment		(17,476)	(7,616)	(17,476)	(7,616)
Accumulated losses		(73,242)	(95,089)	(73,242)	(95,089)
TOTAL EQUITY		**292,685**	**204,823**	**292,685**	**204,823**
TOTAL LIABILITIES		**1,205,343**	**944,115**	**10,969**	**19,220**
TOTAL LIABILITIES AND EQUITY		**1,498,028**	**1,148,938**	**303,654**	**224,043**

See accompanying notes.

STATEMENTS OF PROFIT OR LOSS

(In thousands of reais)

		Consolidated		Individual	
	Note	**2019**	**2018**	**2019**	**2018**
Net operating revenue	28	832,955	720,663	-	-
Change in fair value of biological assets	13	798	(866)	-	-
Costs of sales and services	29	(650,193)	(472,540)	-	-
GROSS PROFIT		**183,560**	**247,257**	**-**	**-**
OPERATING EXPENSES					
Selling expenses	29	(53,628)	(48,284)	-	-
Administrative expenses	29	(24,872)	(19,545)	(1,718)	(1,734)
Other operating income (expenses), net		5,899	(2,203)	20	-
Equity pickup	16	-	-	20,637	92,107
		(72,601)	**(70,032)**	**18,939**	**90,373**
INCOME BEFORE NET FINANCE INCOME (COSTS) AND TAXES		**110,959**	**177,225**	**18,939**	**90,373**
Finance costs		(372,803)	(253,393)	(114)	(754)
Finance income		271,280	186,232	7	267
FINANCE INCOME (COSTS), NET	30	**(101,523)**	**(67,161)**	**(107)**	**(487)**
INCOME BEFORE TAXES		**9,436**	**110,064**	**18,832**	**89,886**
Current income and social contribution taxes	26	(485)	(15,092)	-	-
Deferred income and social contribution taxes	26	9,881	(5,086)	-	-
		9,396	**(20,178)**	**-**	**-**
NET INCOME FOR THE YEAR		**18,832**	**89,886**	**18,832**	**89,886**
BASIC AND DILUTED EARNINGS PER SHARE (IN REAIS)	31	**0.01770**	**0.12068**	**0.01770**	**0.12068**

See accompanying notes.

STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of reais)

	Consolidated		Individual	
	2019	**2018**	**2019**	**2018**
NET INCOME FOR THE YEAR	**18,832**	**89,886**	**18,832**	**89,886**
Net (losses) from cash flow hedge in subsidiaries/investees	(9,860)	(15,780)	(9,860)	(15,780)
Changes in equity acquired	3,015	-	3,015	-
COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	**11,987**	**74,106**	**11,987**	**74,106**

See accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

(In thousands of reais)

	Note	Capital	Capital reserve	Equity adjustment	Accumulated losses	Total equity
Balance at April 1, 2017		**303,364**	**4,164**	**8,164**	**(184,975)**	**130,717**
Net losses from cash flow hedge		-	-	(15,780)	-	(15,780)
Net income for the year		-	-	-	89,886	89,886
Balance at March 31, 2018		**303,364**	**4,164**	**(7,616)**	**(95,089)**	**204,823**
Balance at April 1, 2018		**303,364**	**4,164**	**(7,616)**	**(95,089)**	**204,823**
At July 1, 2018 – merger of Vale do Pontal		75,875	-	-	-	75,875
Net losses from cash flow hedge		-	-	(9,860)	-	(9,860)
Changes in equity acquired		-	-	-	3,015	3,015
Net income for the year		-	-	-	18,832	18,832
Balance at March 31, 2019		**379,239**	**4,164**	**(17,476)**	**(73,242)**	**292,685**

See accompanying notes.

STATEMENTS OF CASH FLOWS - INDIRECT METHOD

(In thousands of reais)

	Consolidated		Individual	
	2019	**2018**	**2019**	**2018**
Cash flow from operating activities				
Net income for the year	**18,832**	**89,886**	**18,832**	**89,886**
Adjustments to reconcile P&L:				
Changes in fair value of biological assets	(798)	866	-	-
Depreciation and amortization	54,414	45,572	-	-
Reduction in crop due to sugarcane harvest	41,537	39,198	-	-
Amortization of inter-crop	57,567	37,982	-	-
Amortization of ratoon cane treatments	66,811	49,869	-	-
Equity pickup	-	-	(20,637)	(92,107)
Residual value of property, plant and equipment written off	5,732	842	176	-
Interest on loans and financing	80,480	65,622	79	-
Interest and Tax on Financial Transactions (IOF) on intercompany loans	(5,125)	(10,194)	(31)	-
Exchange differences on unrealized loans and investments	57,697	19,505	-	-
Unrealized (gains) losses on derivative financial instruments	(2,422)	(41,928)	-	-
Provision for contingencies and other liabilities	(650)	2,239	-	-
Establishment of provision for obsolescence	2,525	-	-	-
Deferred income and social contribution taxes	(9,881)	5,086	-	-
	366,719	**304,545**	**(1,581)**	**(2,221)**
(Increase) decrease in trade accounts receivable and other receivables	(6,379)	(6,316)	29	(52)
Decrease (increase) in inventories	55,151	(14,867)	-	-
Decrease (increase) in taxes and contributions recoverable	(1,583)	26,764	(10)	(136)
Decrease (increase) in advances to suppliers and other assets	50,143	3,064	(33)	2
(Decrease) increase in trade accounts payable and other accounts payable	(107,527)	27,021	(2)	24
(Decrease) increase in provisions and labor charges	(3,849)	3,857	(16)	8
(Decrease) increase in tax obligations	(838)	2,493	(6)	2,119
(Decrease) increase in advances from customers	57,385	(22,057)	-	1
Other assets and liabilities	(7,199)	3,859	11	(2)
Cash from (used in) operating activities	**402,023**	**328,363**	**(1,608)**	**(257)**
Repayment of interest on loans and financing	(91,581)	(69,423)	(635)	-
	310,442	**258,940**	**(2,243)**	**(257)**
Cash flow from investing activities				
Restricted short-term investments	218	38,621	-	4,378
Formation of biological assets	(66,775)	(55,388)	-	-
Acquisition of property, plant and equipment	(162,105)	(91,468)	-	-
Acquisition of intangible assets	(712)	(2,943)	(222)	-
Concession / Proceeds from intercompany loans	(9,803)	(49,874)	46,683	-
Cash and cash equivalents acquired – Vale do Pontal	9,291	-	-	-
Cash from (used in) investing activities	**(229,886)**	**(161,052)**	**46,461**	**4,378**
Cash flow from financing activities				
Loans and financing taken out	667,929	474,092	-	-
Payment of principal of loans and financing	(603,953)	(362,184)	(31)	-
Intercompany loans taken out/(paid)	(5,911)	(596)	(44,738)	(3,573)
Cash from (used in) financing activities	**58,065**	**111,312**	**(44,769)**	**(3,573)**
Net increase (decrease) in cash and cash equivalents	**138,621**	**209,200**	**(551)**	**548**
Cash and cash equivalents at beginning of year	242,729	33,529	562	14
Cash and cash equivalents at end of year	381,350	242,729	11	562

See accompanying notes.

STATEMENTS OF VALUE ADDED

(In thousands of reais)

		Consolidated		Individual	
	Note	**2019**	**2018**	**2019**	**2018**
REVENUES			(reclassified)		
Sales of goods, products and services		923,492	772,255	-	-
Other revenues		47,558	16,821	19	-
Allowance for doubtful accounts		-	-	-	-
		971,050	**789,076**	**19**	**-**
Inputs acquired from third parties (including PIS and COFINS)					
Cost of goods and products sold and services rendered		(255,368)	(158,646)	(119)	(187)
Materials, electricity, third-party services and other		(74,965)	(64,841)	(1,489)	(1,384)
Other		(51,272)	(37,023)	-	-
		(381,605)	**(260,510)**	**(1,608)**	**(1,571)**
GROSS VALUE ADDED		**589,445**	**528,566**	**(1,589)**	**(1,571)**
Depreciation and amortization		(220,329)	(172,621)	-	-
NET VALUE ADDED PRODUCED BY THE COMPANY		**369,116**	**355,945**	**(1,589)**	**(1,571)**
Value added received in transfer					
Equity pickup		-	-	20,637	92,107
Finance income		271,280	186,232	7	267
TOTAL VALUE ADDED TO BE DISTRIBUTED		**640,396**	**542,177**	**19,055**	**90,803**
PERSONNEL		**120,798**	**87,613**	**5**	**8**
Direct compensation		80,887	59,943	-	-
Benefits		32,440	22,066	5	8
Unemployment Compensation Fund (FGTS)		7,471	5,604	-	-
TAXES, CHARGES AND CONTRIBUTIONS		**90,153**	**75,469**	**159**	**285**
Federal		59,542	63,124	96	202
State		25,315	9,543	12	23
Other taxes		5,296	2,802	51	60
DEBT REMUNERATION		**410,613**	**289,209**	**59**	**624**
Interest		274,248	180,574	41	545
Rents and leases		40,076	36,462	-	-
Other		96,289	72,173	18	79
EQUITY REMUNERATION		**18,832**	**89,886**	**18,832**	**89,886**
Net income for the year		18,832	89,886	18,832	89,886
VALUE ADDED DISTRIBUTED		**640,396**	**542,177**	**19,055**	**90,803**

See accompanying notes.

Notes to financial statements

(In thousands of reais, unless otherwise stated)

1 Operations

Companhia Mineira de Açúcar e Álcool Participações ("Company" or "Group"), located at Rodovia BR 050 (km 121) - I Industrial District of the city of Uberaba, Minas Gerais State, is a joint-stock corporation engaged in holding interest in other entities engaged in the production, sale and export of sugar, ethanol, energy and other sugarcane processing by-products. On March 4, 2009, the Company was registered as a publicly-held company through CVM/SEP/RIC Memorandum Circular No. 001/2009 for trading of common shares in the non-organized over-the-counter market.

The Company is the Parent of the following entities:

- Vale do Tijuco Açúcar e Álcool S/A (Vale do Tijuco)
- Vale do Pontal Açúcar e Álcool Ltda. (Vale do Pontal)

Subsidiary Vale do Tijuco Açúcar e Álcool S/A started up on April 12, 2010. Its manufacturing unit has a milling capacity of approximately 4 million tons of sugarcane per year, producing sugar, anhydrous ethanol, hydrated ethanol and energy, as well as fusel oil and sugarcane bagasse by-products.

Subsidiary Vale do Pontal Açúcar e Álcool Ltda. is a privately held company whose operations started on May 23, 2016 and became a subsidiary of Companhia Mineira de Açúcar e Álcool Participações on July 1, 2018, as shown in Note 16. Its manufacturing unit has a milling capacity of approximately 2.5 million tons of sugarcane per year, producing sugar, anhydrous ethanol, hydrated ethanol, as well as fusel oil and sugarcane bagasse by-products.

Sugarcane plantation requires an 18-month period for maturing and for the beginning of the harvest. The harvest generally takes place between April and November, which is also the period when sugar and ethanol are produced. The sale of production takes place throughout the year and does not suffer changes due to seasonality, only changes in the regular market supply and demand (commodity price and foreign exchange differences).

Direct subsidiary Vale do Tijuco Açúcar e Álcool S/A merged its direct subsidiaries Triângulo Mineiro Açúcar and Álcool S.A. and Rio Tijuco Agropecuária S.A., as approved at the Special Annual Meeting held on June 22, 2018.

The accounting valuation report of Triângulo Mineiro Açúcar e Álcool S.A. and Rio Tijuco Agropecuária S.A., dated May 18, 2018, was based on the statement of financial position as of April 30, 2018.

The balances effectively merged were those of June 18, 2018, as shown below:

	Triangulo Mineiro	Rio Tijuco
ASSETS		
Current assets	12	469
Noncurrent assets	1,213	13,203
TOTAL ASSETS	**1,225**	**13,672**
LIABILITIES		
Current liabilities	48	1,358
Noncurrent liabilities	11,075	-
TOTAL LIABILITIES	**11,123**	**1,358**
NET ASSETS MERGED (I)	**(9,898)**	**12,314**
(I) BREAKDOWN OF MERGED COMPANY'S EQUITY:		
Capital	6,397	10,752
Income reserves	(16,254)	1,573
Changes in equity in June 2018	(41)	(11)
TOTAL MERGED COMPANY'S EQUITY	**(9,898)**	**12,314**

The purpose of the merger was to combine efforts and equity, which will allow a better use of resources, in addition to streamline activities and reduce costs significantly.

2 Group Entities

The consolidated financial statements include the financial statements of the Parent Companhia Mineira de Açúcar and Álcool Participações and of the following subsidiaries:

		(%) Ownership interest	
Subsidiaries	**Country**	**2019**	**2018**
Triângulo Mineiro Açúcar e Álcool S/A (Triângulo Mineiro)	Brazil	0.00%	99.99%
Vale do Tijuco Açúcar e Álcool S/A (Vale do Tijuco)	Brazil	99.99%	99.99%
Rio Tijuco Agropecuária S/A (Rio Tijuco)	Brazil	0.00%	100.00%
Vale do Pontal Açúcar e Álcool Ltda. (Vale do Pontal)	Brazil	99.99%	0.00%

The individual and consolidated financial statements for the year ended March 31, 2019 include the Company and its subsidiaries (collectively referred to as the "Group").

3 Basis of preparation

Statement of compliance

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP), which follow the pronouncements issued by the Brazilian Financial Accounting Standards Board – FASB (CPC).

The authorization to issue these financial statements was given by management on June 19, 2019.

All significant information of the financial statements themselves, and only such information, is being disclosed and corresponds to that used in management of the Company.

The non-financial data included in these individual and consolidated financial statements such as crop mix per hectare, planted hectares and total hectares and qualitative aspects to determine insurance coverage were not audited by independent auditors.

4 Functional and reporting currency

These financial statements are presented in reais, which is the Group's functional currency. All balances were rounded to the nearest thousand, unless otherwise stated.

5 Use of estimates and judgments

When preparing the individual and consolidated financial statements, management made judgments, estimates and assumptions that affect the application of Group accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and assumptions are reviewed on a continuous basis. Estimate reviews are recognized prospectively.

Uncertainties over assumptions and estimates

Information on uncertainties related to assumptions and estimates that pose a significant risk of resulting in a material adjustment in the year ended March 31, 2019 is included in the following notes:

- **Note 11** – realization of accounts receivable and other receivables;
- **Note 22** – recognition and measurement of provisions for contingencies: significant assumptions on the probability and magnitude of the outflows of funds; and
  Note 26 – recognition of deferred tax assets: availability of future taxable profit against which tax losses may be used.

Fair value measurement

A series of Group accounting policies and disclosures require the fair value measurement of financial and non-financial assets and liabilities.

The Group established a control structure related to fair value measurement. This structure includes an evaluation team that has overall responsibility for reviewing all significant fair value measurements.

The Group regularly reviews significant non-observable data and valuation adjustments. If third-party information, such as quotes from brokers or pricing services, is used to measure fair values, the evaluation team analyzes the evidence obtained from third parties to support the conclusion that such evaluations meet the requirements of CPC/IFRS, including the fair value hierarchy level at which such valuations are to be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. Fair value is categorized into different levels in a hierarchy based on the information (inputs) used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active and known public markets for identical assets and liabilities;
- **Level 2:** Inputs different from prices traded in active markets, included in Level 1, which are used by the market for assets or liabilities directly (e.g. prices) or indirectly (e.g. derived from prices); and
- **Level 3:** inputs for assets or liabilities that are not based on observable market data (non-observable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the changes occurred.

Additional information on the assumptions used in fair value measurement is included in the following notes:

- **Note 13** – Biological assets; and
- **Note 25** – Financial instruments.

6 Measurement basis

The financial statements were prepared based on the historical cost, except for the following significant items recognized in the statements of financial position:

- Derivative financial instruments are measured at fair value;
- Nonderivative financial instruments designated at fair value through profit or loss are measured at fair; and
- Biological assets are measured at fair value less cost to sell.

7 Summary of significant accounting policies

The Group applied the accounting practices described below consistently to all years presented in these financial statements.

a. Basis of consolidation

(i) Subsidiaries

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements as of the date the Group obtains control until the date on which the control ceases to exist.

The individual financial statements of the subsidiaries are accounted for under the equity method for the purposes of the Company's individual financial statements.

(ii) Transactions eliminated in consolidation

Balances and intragroup transactions, and any unrealized income or expenses from intragroup transactions, are eliminated. Unrealized gains from transactions with investees recorded under the equity method are eliminated against investment to the extent of the Group's interest in investee. Unrealized losses are eliminated in the same manner as unrealized gains are eliminated, but only to the extent that there is no evidence of impairment.

b . Operating revenue

IFRS 15 (CPC 47) - Revenue from contracts with customers introduces a comprehensive structure to determine whether, when and how much revenue is recognized. IFRS 15 (CPC 47) replaced the previous revenue recognition guidance in IAS 18 - Revenue (CPC 30 - Revenue), IAS 11 - Construction contracts (CPC 17 - Construction contracts).

The adoption of the new standard had no impact on the Group's financial statements.

(i) Sale of products

Operating income is recognized when the Company fulfills its contractual obligations to the customer, and when it is probable that the Company will receive the consideration to which it is entitled in exchange for the goods or services. For the products sold by the Company, the performance obligations are completed upon delivery of the final product, which is also the moment of recognition of the revenue. Revenue is measured net of returns, trade discounts, and rebates.

The timing of the transfer of risks and benefits varies depending on the specific conditions of each sales contract. For sales of sugar and ethanol in the domestic market, the transfer usually occurs when the product is delivered at the customer's site or when it is picked up by the customer at the Group's premises. In the case of sales in the foreign market the transfer takes place upon loading of the goods onto the corresponding carrier in the seller's dock.

(ii) Sale of electric power

Revenue from the sale of electric power generation is recorded based on assured energy and at rates specified under the terms of the supply agreements or at the market price in force, as the case may be. Revenue is recognized when the power is made available in the network.

As mentioned in Note 32, the Group has a future contract for the sale of electric power in the total volume of MWh 61,320 per year/harvest.

c . Finance income (costs)

Group finance income (costs) comprise:

- gains/losses on derivative financial instruments;
- net gains/losses from foreign exchange differences on financial assets and liabilities;
- interest expenses on loans and financing; and
- other finance income (costs).

Finance income (costs) is recognized in P&L for the year using the effective interest rate method.

d. Foreign currency

Transactions denominated in foreign currency

Foreign currency-denominated transactions are translated into the Group’s functional currency (the real) at the exchange rate prevailing on the transaction dates.

Monetary assets and liabilities denominated and calculated in foreign currencies at the statement of financial position date are retranslated into the functional currency at the exchange rate prevailing on that date. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are retranslated into the functional currency at the exchange rate prevailing on the date on which the fair value was calculated. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the transaction date. Foreign currency differences arising from the translation are usually recognized in P&L.

However, exchange differences arising from the retranslation of the effective cash flow hedge are recognized in other comprehensive income.

e . Employee benefits

(i) Short-term employee benefits

Obligations with short-term employee benefits are recognized as personnel expenses to the extent the corresponding service is provided. A liability is recognized at the amount expected to be paid if the Group has a legal or constructive obligation to pay this amount for a past service rendered by the employee, and the obligation can be reliably estimated.

(ii) Defined contribution plan

Obligations related to contributions to defined contribution plans are recognized in the statement of profit or loss as personnel expenses when the related services are provided by employees. Contributions paid in advance are recognized as an asset to the extent that a cash refund or a reduction in future payments may occur. The Group has no other post-employment benefits.

(iii) Defined benefit plan – healthcare plan

The Group's net obligation for defined benefit plans is calculated for the plans based on the estimated future benefit amount that employees will receive as a return for the services rendered in the current and prior years. This amount is discounted to its present value and is presented net of the fair value of any plan assets.

The calculation of the defined benefit plan obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the asset to be recognized is limited to the present value of the economic benefits available in the form of future plan refunds or reduction in future contributions to the plan. To calculate the present value of the economic benefits, any applicable minimum cost requirements are taken into account.

f . Income and social contribution taxes

Income and social contribution taxes for the current and deferred fiscal year are calculated based on the rates of 15% plus a 10% surtax on taxable profit exceeding R$240 (annual base) for income tax and 9% on taxable profit for social contribution tax on net profit, and consider the offsetting of income and social contribution tax loss carryforwards, limited to 30% of taxable profit in the year.

Income and social contribution tax expenses comprise current and deferred income and social contribution taxes. Current and deferred taxes are recognized in P&L, except to the extent that they are related to items directly recognized in equity or other comprehensive income.

(i) Current income and social contribution tax expense

Current tax expense is the tax payable or receivable calculated on the taxable profit or loss for the year and any adjustment to taxes payable in relation to prior years. The amount of current taxes payable or receivable is recognized in the statement of financial position as a tax asset or liability taking into consideration management's best estimate of the expected amount of taxes to be paid or received that reflects the uncertainties related to its determination, if any. This amount is measured based on tax rates enacted at the statement of financial position date.

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

(ii) Deferred income and social contribution tax expense

Deferred tax assets and liabilities are recognized with respect to temporary differences between the carrying amounts of assets and liabilities for purposes of financial statements and those used for tax purposes.

A deferred tax asset is recognized in relation to unused deductible tax losses and temporary differences to the extent that it is probable that future taxable profits will be available against which they will be used. Deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that their realization is no longer probable.

Deferred tax assets and liabilities are measured at the rates that are expected to apply to temporary differences when they are reversed, based on the rates that were enacted up to the statement of financial position date.

The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Group expects to recover or settle its assets and liabilities.

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

g . Biological assets

Biological assets are measured at fair value less costs to sell, and any changes are recognized in profit or loss. Costs to sell include all costs that would be required to sell the assets, including transportation expenses. The sugarcane is transferred to production cost at its fair value, less estimated selling expenses as of the cut-off date.

h . Inventories

Inventories are carried at the lower of cost and net realizable value. The inventory cost is assessed at the average cost of acquisition or production and includes the costs incurred in acquiring inventories, production and processing costs, and other costs incurred in bringing inventories to their existing locations and conditions.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The sugarcane consumed in the production process is assessed at its fair value less costs to sell at the cut-off date.

i . Property, plant and equipment

(i) Recognition and measurement

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

When significant parts of a PP&E item have different useful lives, they are recorded as separate PP&E items (main components).

Any gains and losses on disposal of an item of property, plant and equipment are recognized in the statement of profit or loss.

(ii) Subsequent costs

Subsequent costs are capitalized only when it is probable that the future economic benefits associated with the expenses will be earned by the Group. Expenses with maintenance and recurring repairs are recognized in the statement of profit or loss when incurred.

(iii) Maintenance costs

The maintenance cost of a component of property, plant and equipment is recognized in the carrying amount of the item, when it is likely that the economic benefits embodied therein will flow to the Company and its cost can be reliably measured. The book value of the component that has been replaced by another is derecognized. Daily maintenance costs of property, plant and equipment items are recognized in the statement of profit or loss as incurred.

Subsidiaries Vale do Tijuco Açúcar e Álcool S/A. and Vale do Pontal Açúcar e Álcool Ltda. annually carry out maintenance in their manufacturing unit, approximately in the period from December to March. The main maintenance costs include labor costs, materials, external services and general overhead allocated during the off-season period. These costs are accounted for as a component of the equipment cost and depreciated during the next harvest. Any other type of expense, which does not increase its useful life or maintain its milling capacity, is recognized in the statement of profit or loss as an expense.

(iv) Depreciation

Depreciation is calculated to amortize the cost of intangible asset items, less their estimated residual values, using the straight-line method based on the estimated useful life of the items. Depreciation is recognized in P&L and in the production cost. Land is not depreciated.

The estimated useful lives as well as the weighted average annual rates for current and comparative periods are as follows:

	Consolidated	
	Years	**Rates**
Industrial equipment	19	5.40%
Constructions and buildings	36	2.75%
Agricultural machinery and tractors	5	18.75%
Paving	10	10.00%
Vehicles	5	20.00%
Agricultural equipment	6	17.06%
Machinery, equipment and tools	6	18.06%
Furniture and fixtures	7	15.12%
Computers and peripherals	5	19.85%
Other	6	16.10%
Crop in formation	5	20.00%

The depreciation methods, useful lives and residual values are reviewed at each statement of financial position date and adjusted if appropriate.

j . Intangible assets

(i) Other intangible assets

Other finite-lived intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditures

Subsequent expenditures are only capitalized when they increase the future economic benefits embedded in the specific asset to which they are related. All other expenses are recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated using the straight-line method based on the estimated useful life of the items to amortize the cost of intangible asset items, net of their estimated residual values. Amortization is recognized in P&L.

The estimated average useful life for the current and comparative years is 5 years.

The amortization methods, useful lives and residual values are reviewed at each statement of financial position date and adjusted if appropriate.

k . Financial instruments

From April 1, 2018, the Company adopted IFRS 9, which is equivalent to CPC 48 - Financial instruments. IFRS 9/CPC 48 meets all three aspects of the project of accounting for financial instruments: classification and measurement, impairment loss of the asset and hedge accounting. Significant changes from this standard are described below:

(i) Classification and measurement of financial assets

IFRS 9 contains a new approach to financial asset classification and measurement that reflects the business model in which assets are managed and their cash flow characteristics, and contains three major classification categories for financial assets: measured at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. This standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

(ii) Impairment

The new standard replaces the “incurred loss” model of CPC 38 (IAS 39) by an “expected credit loss” model. This requires significant judgment on how changes in economic factors affect expected credit losses. These provisions are measured as: expected credit losses for 12 months and expected credit losses for the entire life, that is, credit losses that result from all possible default events throughout the expected life of a financial instrument.

(iii) Hedge accounting

The Company will continue to adopt the requirements of IAS 39/CPC 38, as permitted by IFRS 9.

The Company evaluated in detail the impact of the three aspects of IFRS 9 described above and concludes that the new standard had no impact on Group financial statements, in addition to the change in the nomenclature of the financial instruments’ categories described in item (i).

(i) Financial assets

Initial recognition and measurement

Financial assets are initially recognized and subsequently measured at amortized cost at fair value through other comprehensive income and at fair value through profit or loss.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the Group's business model for the management of these financial assets. With the exception of trade accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient, the Company initially measures a financial asset at its fair value plus transaction costs in the case of an asset not measured at fair value through profit or loss. Trade accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined in accordance with CPC 47.

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, it must generate cash flows that are solely payments of principal and interest (also referred to as SPPI test) on the principal amount outstanding. This evaluation is performed at instrument level.

The Group's business model for managing financial assets refers to how financial assets are managed to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, disposal of financial assets or both.

Purchases or sales of financial assets that require these assets to be delivered within a period established by market convention or regulations (regular negotiations) are recognized at transaction date, i.e. the date on which the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

• Financial assets at amortized cost (debt instruments);
• Financial assets at fair value through other comprehensive income (loss) including reclassification of accumulated gains and losses (debt instruments);
• Financial assets designated at fair value through other comprehensive income (loss), with no reclassification of accumulated gains and losses upon derecognition (equity instruments);
• Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most significant for the Group. The Group measures financial assets at amortized cost if both the following conditions are met:

• The financial asset is held in a business model whose purpose is to hold financial assets in order to receive contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

The Group financial assets at amortized cost include trade accounts receivable, advances to suppliers and related parties.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss on initial recognition, or financial assets mandatorily measured at fair value. Financial assets are classified as held for trading if acquired to be sold or repurchased within the short term. Derivatives, including separate embedded derivatives, are also classified as held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payment of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model. Notwithstanding the criteria used to classify debt instruments at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if this eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are presented in the statement of financial position at fair value, and net changes in fair value are recognized in the statement of profit or loss.

An embedded derivative in a hybrid instrument with a financial liability is bifurcated from liabilities and accounted for as a freestanding derivative if: a) the characteristics and economic risks are not strictly related to the characteristics and economic risks of the host contract; b) the freestanding instrument, with the same terms of the embedded derivative, meets the definition of a derivative; and c) the hybrid instrument is not measured at fair value, with changes recognized in profit or loss. Embedded derivatives are measured at fair value, with changes in fair value recognized in profit or loss. They are remeasured only if there is a change in contractual terms that significantly modifies cash flows that would otherwise be required, or a reclassification of a financial asset out of fair value through profit or loss. The Group has no embedded derivatives.

Derecognition

A financial asset (or, where applicable, a part of a financial asset, or a part of a group of similar financial assets) is derecognized when:

• The rights to receive cash flows from the asset have expired;
• The Group has transferred its rights to receive cash flows from the asset or has undertaken to fully pay the cash flows received, without material delay, to a third party under a pass-through arrangement; and (a) the Group has substantially transferred all risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control over it.

When the Group has transferred its rights to receive cash flows from an asset or has assumed the obligation to pass those cash flows on under an arrangement, it evaluates whether, and to what extent, it has retained the risks and rewards of ownership. If the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, it continues to recognize the asset to the extent to which it has a continuing involvement in the asset. In this case, the Group also recognizes a related liability. The transferred asset and the related liability are measured based on rights and obligations that the Group retained.

The continuing involvement in the form of guarantee of the transferred asset is measured at the lower of (i) the amount of the asset and (ii) the maximum amount of consideration received that the entity could be required to repay (the guarantee amount).

Impairment of financial assets

The Group records provision for expected credit losses for 100% debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due under the agreement and all cash flows that the Group expects to receive, discounted at an effective interest rate that approximates the original transaction rate. Expected cash flows include cash flows from sale of guarantees held or other credit improvements that form part of the contractual terms.

Expected credit losses are recognized in two stages. For credit exposures for which there has been no significant increase in credit risk since the initial recognition, the expected credit losses are accrued for credit losses arising from possible default events in the next 12 months (expected credit losses for 12 months). For credit exposures for which there has been a significant increase in credit risk since the initial recognition, a provision for expected credit losses over the remaining life of the exposure is required, regardless of the timing of the default (a lifetime expected credit loss).

For trade accounts receivable and contract assets, the Group applies a simplified approach for calculating expected credit losses. As such, the Group follows the changes in credit risk and records allowance for losses based on lifetime expected credit losses at each reporting date.

The Group considers a financial asset to be in default when the contractual payments have been overdue for over 180 days. However, in certain cases, the Group may also consider that a financial asset is in default when internal or external information indicates that it is unlikely that contractual amounts outstanding will be received before taking into account any credit enhancements maintained by the Group. A financial asset is written off when there is no reasonable expectation of recovery of contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are initially measured at their fair value, approximately, in the case of a financial liability other than at fair value through profit or loss, and at transaction costs that are directly attributable to the issue of a financial liability.

The Group's financial liabilities include trade accounts payable and other accounts payable, loans and financing, advances from customers and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially recognized at fair value through profit or loss.

Financial liabilities are classified as held for trading if incurred for repurchase in the short term. This category also includes derivative financial instruments contracted by the Group that are not designated as hedging instruments in the hedge relationships defined by CPC 48.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities initially recognized at fair value through profit or loss are designated at the initial recognition date, and only if the CPC 48 criteria are met.

The Group did not designate any financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

This category is the most significant for the Group. After initial recognition, loans and financing taken and granted and subject to interest are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of profit or loss upon derecognition of liabilities, as well as by the effective interest rate amortization process.

The amortized cost is calculated taking into account any negative goodwill or goodwill on acquisition and rates or costs that are an integral part of the effective interest method. Amortization by the effective interest method is recorded as a finance cost in the statement of profit or loss.

This category usually applies to interest-bearing loans and financing granted and taken out.

Derecognition

A financial liability is derecognized when the obligation thereunder is extinguished, that is, when the obligation specified in the contract is discharged or canceled or expires. Where an existing financial liability has been exchanged by another of the same lender with substantially different terms, or the terms of an existing liability have been substantially modified, such exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amount is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and their net amount is presented in the consolidated statement of financial position if the entity has a legally enforceable right to offset the amounts recognized and intends to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group maintains derivative financial instruments to hedge its exposure to currency and interest rate risks.

Upon initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instruments and the hedged items, including the risk management objectives and the strategy in the execution of the hedge transaction and the hedged risk, together with the methods that will be used to evaluate the effectiveness of the hedge. The Group makes an assessment, both at the beginning of the hedge relationship and on an ongoing basis, if hedge instruments are expected to be "highly effective" in offsetting changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and if the actual results of each hedge are within the range of 80% -125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable and should have an exposure to changes in the cash flows that in the end could affect the reported profit or loss.

Derivatives are initially measured at fair value; any attributable transaction costs are recognized in profit or loss when incurred. After initial recognition, derivatives are measured at fair value and changes are recorded in the statement of profit or loss.

Cash flow hedges
When a derivative is designated as a hedge instrument to hedge exposure to variability in cash flows, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the Equity adjustments account in under Equity. Any non-effective portion of the changes in the fair value of the derivative is recognized immediately in profit or loss.

The accumulated amount held in Equity adjustments is reclassified to profit or loss in the same period in which the hedged item affects P&L.

If (i) the forecast transaction is no longer expected to occur, (ii) the hedge no longer meets the criteria for hedge accounting, (iii) the hedging instrument expires or is sold, terminated or exercised, or has its designation revoked, hedge accounting is discontinued prospectively. If there is no further expectation of the forecast transaction, the balance in other comprehensive income is reclassified to profit or loss.

l. Impairment

(i) Non-financial assets

The carrying amounts of the Group's non-financial assets other than biological assets, inventories, property, plant and equipment and deferred tax assets are reviewed at each statement of financial position date to determine if there is any indication of impairment. If there is such indication, the asset’s recoverable amount is estimated.

For impairment tests, assets are grouped into Cash-Generating Units (CGUs), that is, in the smallest identifiable group of assets that generates cash inflows from their continuous use, which are largely independent of the cash inflows from other assets or CGUs.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to present value using a discount rate before taxes that reflects current market valuations of time value of money and specific risks inherent in the asset or CGU.

Impairment loss is recognized in P&L and reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would otherwise be computed, net of depreciation or amortization, had the impairment loss not existed.

An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's management did not identify any evidence to justify the need for a provision for impairment as of March 31, 2019.

m. Provisions

Provisions are determined by discounting estimated future cash flows at a pre-tax rate that reflects the current market valuations of the time value of money and specific risks for the corresponding liability. The effects of derecognition of the discount over time are recognized in the statement of profit or loss as financial cost.

n. Statement of value added

The Group prepared individual and consolidated statements of value added SVA) in accordance with accounting pronouncement CPC 09 - Statement of Value Added, which are presented as an integral part of the financial statements in accordance with the accounting practices adopted in Brazil (BRGAAP) applicable to publicly-held companies, while considered supplementary information by the IFRS.

o. Basic and diluted earnings per share

The basic earnings per share are calculated by dividing P&L for the year attributed to the Group's shareholders by the weighted average number of shares of the paid-in capital in the respective year. The Group has no instruments that could potentially dilute earnings per share.

8 New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations will be effective for annual periods beginning after January 1, 2019 (applicable to the Group as of April 1, 2019) and were not adopted in the preparation of these financial statements. Those that may be significant to the Group are mentioned below.

IFRS 16 / CPC 06 (R2) – Leases

The objective of this standard is to provide the basis for users of financial statements to be able to assess the effect that leases have on the financial position, financial performance and cash flows of companies.

This standard will be applied to the various leases, including leases of right-of-use assets under sublease, with some exceptions. When entering into contracts, companies should assess whether the contract is, or contains, a lease. The contract is or contains a lease if it conveys the right to control the use of the identified asset for a given term in exchange for a defined consideration.

IFRS 16/CPC 06(R2) establishes the principles to recognize, measure, present and evidence leases, and requires that lessees account for all leases in a single model in the statement of financial position.

The standard includes two recognition exemptions for lessees – lease of low value assets and short-term leases (12 months or less).

On the start date of a lease, the lessee will recognize a liability for lease payments (a "lease liability") and an asset representing the right to use the underlying asset during the lease term ("right-to-use asset").

Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-to-use asset. Lessees should also reassess the lease liability upon occurrence of certain events, such as change in the lease term and/or change in future lease payments as a result of use of a different index or rate to determine such payments. In general, the lessee will recognize the revalued lease liability as an adjustment of the right-to-use asset.

There is no substantial change in lessor accounting based on IFRS 16/CPC 06 (R2) in relation to the current accounting. Lessors will continue to classify all leases in accordance with the same CPC 06 (R1) classification principle, distinguishing them between two types: operating and finance.

The lessee may elect to adopt IFRS 16/CPC 06 (R2) using the full retrospective approach or modified retrospective approach.

The standard may affect, in particular, the accounting of operating leases and sharecropping agreements, described in Note 32, and at the time of adoption may imply an increase in the lease/ agreement liability and right-of-use asset. In addition, the nature of the expenses related to these leases will be changed, since IFRS 16/CPC 06 (R2) replaces the operating lease expenses on a straight-line basis for depreciation expenses of the right-of-use and interest on lease liabilities. The Group is still assessing the effects from the adoption of the referred to standard.

ICPC 22 Uncertainty over Income Tax Treatments

This interpretation clarifies on how to apply the requirements for the recognition and measurement of CPC 32 – Income Taxes when there is uncertainty over income tax treatments. In these circumstances, an entity should recognize and measure its current or deferred tax assets or liabilities, applying the requirements of CPC 32 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, determined on the basis of this interpretation. The interpretation is effective for annual periods beginning on or after January 1, 2019, but certain transition exemptions are available. The Group does not expect any impacts from the application of the Interpretation.

9 Cash and cash equivalents

	Consolidated		Individual	
	2019	**2018**	**2019**	**2018**
Cash and banks	106,349	132,147	-	9
Short-term investments	275,001	110,582	11	553
Total	**381,350**	**242,729**	**11**	**562**

The balance of cash and banks derives from proceeds from commercial transactions and are funds available to meet the immediate cash needs of the Company and its subsidiaries. All funds are deposited in first-tier banks.

Short-term investments are cash equivalents since they are readily convertible into a known cash amount and subject to insignificant risk of change in their value. They refer to Bank Deposit Certificates (CDB) in various financial institutions, the remuneration rate of which ranges from 95% to 100% of the Interbank Deposit Certificate (CDI). Short-term investments do not have a monthly maturity date and may be redeemed at any time.

Information on the Group's exposure to market, credit and fair value measurement risks related to cash and cash equivalents is included in Note 25.

10 Restricted short-term investments

	Consolidated		Individual	
	2019	**2018**	**2019**	**2018**
Restricted short-term investments	4,619	4,837	-	-
Total	**4,619**	**4,837**	**-**	**-**

The Group maintains restricted short-term investments amounting to R$4,619 at March 31, 2019 that refer to investments linked to the delivery of VHP sugar, with remuneration at 100% of the Interbank Deposit Certificate - CDI.

Information on the Group's exposure to market, credit and fair value measurement risks related to restricted short-term investments is included in Note 25.

11 Trade and other accounts receivable

	Consolidated		Individual	
	2019	**2018**	**2019**	**2018**
From sales of ethanol	10,482	9,154	-	-
From sales of energy	3,818	1,963	-	-
From sales of sugar	763	128	-	-
From sales of sugarcane	7,086	573	-	-
Other	28,648	3,336	-	-
Trade accounts receivable	**50,797**	**15,154**	**-**	**-**
Receivables from related parties (Note 33)	7,414	78,266	332	52
Other receivables	**7,414**	**78,266**	**332**	**52**
Total	**58,211**	**93,420**	**332**	**52**
Current assets	*28,731*	*92,356*	-	-
Noncurrent assets	*29,480*	*1,064*	*332*	*52*

At March 31, 2019, the Group had no transaction that generated significant effect of present value adjustment.

Information on the Group's exposure to credit, market and fair value measurement risks, as well as impairment losses related to trade accounts receivable and other receivables is disclosed in Note 25.

12 Inventories

	Consolidated	
	2019	**2018**
Finished product		
Anhydrous ethanol	6,310	10,569
VHP sugar	322	-
Hydrated ethanol	623	1,153
Storeroom		
Storeroom - sundry (a)	32,343	16,752
Provision for obsolescence	(2,525)	-
Inventories in the possession of third parties	9,506	14,238
Total	**46,579**	**42,712**

(a) The most significant amounts under Storeroom refer to agricultural inputs and pesticides to be used on crops in own and third-party planting areas.

13 Biological assets

The Company's biological assets comprise the cultivation and planting of sugarcane, through contracts with sugarcane partners and own sugarcane plantations, for use as a material in its sugar and ethanol industrial processes. The cultivation of sugarcane is initiated with the plantation of seedlings on land owned by third parties, and the first cutting occurs after a period from 12 to 18 months after planting, when the sugarcane is cut and the root ("ratoon") continues in the soil. After each cut or year/crop, treated ratoon grows again, providing, on average, a total of five or six crops, varying based on the culture and genetic material to which it refers.

Changes in biological assets are as follows:

	Consolidated
Balance at April 1, 2018	68,663
Additions to sugarcane treatments	55,388
Absorption of sugarcane harvested costs	(49,869)
Fair value less estimated selling expenses	(866)
Balance at March 31, 2018	**73,316**
Opening balance due to the merger of Vale do Pontal	*16,918*
Additions to sugarcane treatments	66,775
Absorption of sugarcane harvested costs	(66,811)
Fair value less estimated selling expenses	798
Balance at March 31, 2019	**90,996**

Sugarcane crops

Planted areas represent only sugarcane crops, not considering the land where these are located. The following assumptions were used to determine fair value:

	Consolidated	
	2019	**2018**
Harvest estimated area (hectare)	**33,853**	**22,066**
Projected production (ton of sugarcane per hectare)	80	84
Total Recoverable Sugar - ATR (kg)	135	135
Price of ATR kilo (R$)	*0.6679*	*0.6078*

The discount rate used in the cash flow for each year, denominated "Weighted Average Cost of Capital", corresponded to 9.13% p.a. (8.53% at March 31, 2018), which was reviewed and approved by Company management.

The Group is exposed to a number of risks related to its plantations:

Regulatory and environmental risks

The Group is subject to laws and regulations and established environmental policies and procedures focused on compliance with environmental and other laws. Management conducts regular analysis to identify environmental risks and ensure that systems in place are adequate to manage those risks.

Supply and demand risks

The Group is exposed to risks arising from price fluctuation and sales volume of its plantations. Whenever possible, the Group manages this risk by aligning its extraction volume with market supply and demand. Management conducts regular reviews of the industry trend to ensure that the Group's price structure is in line with the market and that projected extraction volumes are consistent with expected demand.

Climate risks and other

The Group's plantations are exposed to the risks of damage caused by climate change, diseases, forest fires and other natural forces. The Group has extensive procedures in place to monitor and reduce these risks, including regular inspections of the sugarcane plantation health and analysis of industrial diseases and pests. The Group also assures itself against natural disasters.

14 Taxes and contributions recoverable

	Consolidated		Individual	
	2019	**2018**	**2019**	**2018**
COFINS recoverable	19,275	23,799	-	-
ICMS recoverable - acquisition of property, plant and equipment	8,920	7,721	-	-
State VAT (ICMS) recoverable - purchase of inputs	4,765	2,174	-	-
PIS recoverable	3,388	7,225	-	-
Withholding Income Tax (IRRF) on short-term investments	11,073	3,012	166	157
Other	3,121	297	65	64
Total	**50,542**	**44,228**	**231**	**221**
Current assets	*22,079*	*32,348*	*166*	*156*
Noncurrent assets	*28,463*	*11,880*	*65*	*65*

PIS and COFINS

This balance comprises credits arising from PIS and COFINS non-cumulative payment, referring to the acquisitions of parts and pieces used in the maintenance of manufacturing facilities and agricultural fleet, maintenance services of manufacturing and agricultural facilities, freight and warehousing in sales transactions, electric energy and other credits on acquisitions of machinery and equipment, and buildings and constructions intended for production. These credits may be offset against other federal taxes and are not time-barred by statutes.

ICMS

This balance basically comprises credits determined on acquisitions of property, plant and equipment items, which are being realized at the ratio of 1/48, and may be offset against taxes of the same nature.

IRRF

This refers to Withholding Income Tax (IRRF) on short-term investments and prepaid income and social contribution taxes, which may be offset against federal taxes payable.

15 Advances to suppliers and other assets

	Consolidated	
	2019	**2018**
Advances to sugarcane suppliers (partnership) - third parties	93,092	56,578
Advances to sugarcane suppliers (partnership) - related parties (Note 33)	6,207	6,220
Advances to sugarcane suppliers - third parties	25,088	1,473
Advances to local suppliers - third parties	10,123	8,454
Other	1,487	4,284
Total	**135,997**	**77,009**
Current assets	*94,464*	*55,312*
Noncurrent assets	*41,533*	*21,697*

The balance of advances to suppliers refers to the execution of sugarcane supply contracts entered into by subsidiaries Vale do Tijuco Açúcar e Álcool S/A and Vale do Pontal Açúcar e Álcool Ltda. with their suppliers. The balance classified as noncurrent refers to sugarcane supply advance contracts that will be performed upon receipt of sugarcane in subsequent crops, priced based on the Total Recoverable Sugar (ATR) index disclosed by the São Paulo State Council of Sugarcane, Sugar and Ethanol Producers (Consecana/SP), at the end of the crop.

16 Investments

Breakdown of balances

	Consolidated	
	2019	**2018**
Investments stated by the equity method		
Rio Tijuco Agropecuária S/A	-	12,325
Triângulo Mineiro Açúcar e Álcool S/A	-	(9,858)
Vale do Tijuco Açúcar e Álcool S/A	219,875	210,100
Vale do Pontal Açúcar e Álcool Ltda.	82,379	-
Total	**302,254**	**212,567**
Classified as:		
Investments	*302,254*	*222,425*
Provision for investment losses	-	*(9,858)*

The Company recorded a gain of R$20,637 in the year ended March 31, 2019 (R$92,107 at March 31, 2018) referring to the equity pickup of its subsidiaries.

The Company's investments in its subsidiary are accounted for using the equity method. The Company's and its subsidiaries' shares are not listed on the Stock Exchange.

On June 18, 2018, Rio Tijuco Agropecuária S/A and Triângulo Mineiro Açúcar e Álcool S/A were merged into Vale do Tijuco Açúcar e Álcool S/A, becoming part of the assets and liabilities controlled by the Company on that date; the balances merged are described in Note 1.

On July 1, 2018, Vale do Pontal Açúcar e Álcool Ltda. started to be a subsidiary of Companhia Mineira de Açúcar e Álcool Participações, becoming part of the assets and liabilities controlled by the Company, when the Company's shareholders approved, through a Special General Meeting, Company's capital increase amounting to R$75,875 by issuing 319,224,665 new common shares, with no par value, which were subscribed and paid in by JFLIM Participações by granting 304,360,993 shares of Vale do Pontal, held by JFLIM Participações.

On the same date, the Company entered into with JFLIM Participações a debt assumption agreement amounting to R$46,683, previously due by JFLIM Participações to Vale do Pontal. In contrast, JFLIM Participações assigned and transferred 187,257,473 units of interest held in Vale do Pontal to the Company.

The sum of the contributions mentioned above totaled R$122,588, value of Vale do Pontal's equity, according to the equity valuation report prepared for this purpose, dated June 25, 2018, based on the statement of financial position as at May 31, 2018. Changes in equity amounting to R$3,015 identified by comparing the equity valuation report balances and the actually incorporated balances, as shown below, were recorded in the Company's equity.

The acquisition was accounted for considering the equity value of Vale do Pontal since, because it is a combination of entities or businesses under common control, CPC 15 (R1) - Business Combination is not applicable for this type of transaction.

The balances actually recorded were those of June 30, 2018, as follows:

ASSETS	**06/30/2018**
CURRENT ASSETS	
Current assets	
Cash and cash equivalents	9,291
Trade and other accounts receivable	21,590
Inventories	61,542
Biological assets	16,918
Taxes and contributions recoverable	4,094
Derivative financial instruments	6,768
TOTAL CURRENT ASSETS	74,172
NONCURRENT ASSETS	**194,375**
Noncurrent assets	
Advances to suppliers and other assets	34,595
Trade and other accounts receivable	71,594
Judicial deposits	776
Taxes and contributions recoverable	664
TOTAL NONCURRENT ASSETS	**107,629**
Total noncurrent assets	
Investments	3
Property, plant and equipment	147,503
Intangible assets	2,121
TOTAL NONCURRENT ASSETS	**257,256**
TOTAL ASSETS	**451,631**

LIABILITIES	06/30/2018
CURRENT LIABILITIES	
Loans and financing	43,056
Derivative financial instruments	5,061
Trade and other accounts payable	139,323
Provisions and labor charges	9,302
Tax obligations	3,373
Advances from customers and other liabilities	490
TOTAL CURRENT LIABILITIES	**200,605**
Loans and financing	19,022
Intercompany loans	104,422
Provisions for contingencies	1,994
TOTAL NONCURRENT LIABILITIES	**125,438**
TOTAL LIABILITIES	**326,043**
NET ASSETS AND LIABILITIES (I)	**125,588**
(I) BREAKDOWN OF EQUITY ACQUIRED	
Capital	491,619
Accumulated losses	(366,031)
TOTAL EQUITY	**125,588**

Since the acquisition date, Vale do Pontal has contributed to the consolidated with net revenue of R$153,069 and pre-tax income of R$1,586. Had the acquisition occurred at the beginning of the year, consolidated revenue would have totaled R$878,910 and net income from operations would have been R$16,411.

Changes in investments in subsidiaries

	Individual	
	2019	**2018**
Investment opening balance	**212,567**	**136,238**
Vale do Pontal Açúcar e Álcool Ltda. merger	78,890	-
Equity pickup	20,637	92,107
Equity adjustment (Vale do Tijuco S.A.)	(9,860)	(15,778)
Other	20	-
Total	**302,254**	**212,567**

Information on investees

The table below presents a summary of the subsidiaries' financial information:

	(%) Equity interest	Current assets	Noncurrent assets	Total assets	Current liabilities	Noncurrent liabilities	Total liabilities	Equity	Revenues	Expenses	Income (loss)	Equity pickup
March 31, 2019												
Triângulo Mineiro S/A	-	-	-	-	-	-	-	-	-	(40)	**(40)**	**(40)**
Vale do Tijuco S/A	99.99%	720,797	605,052	**1,325,849**	312,203	793,771	**1,105,974**	**219,875**	1,101,665	(993,451)	**17,214**	**17,214**
Vale do Pontal Ltda. (*)	99.99%	120,464	227,590	**348,054**	73,749	191,926	**265,675**	**82,379**	194,779	(191,350)	**3,474**	**3,474**
Rio Tijuco S/A	-	-	-	-	-	-	-	-	-	(11)	**(11)**	**(11)**
		841,261	**832,642**	**1,673,903**	**385,952**	**985,697**	**1,371,649**	**302,255**	**1,296,444**	**(1,184,852)**	**20,637**	**20,637**

	(%) Equity interest	Current assets	Noncurrent assets	Total assets	Current liabilities	Noncurrent liabilities	Total liabilities	Equity	Revenues	Expenses	Income (loss)	Equity pickup
March 31, 2018												
Triângulo Mineiro S/A	99.99%	507	13,176	**13,683**	1,358	-	**1,358**	**12,325**	310	(141)	**169**	**169**
Vale do Tijuco S/A	99.99%	562,933	594,959	**1,157,892**	372,224	575,563	**947,787**	**210,105**	958,096	(866,660)	**91,436**	**91,436**
Rio Tijuco S/A	100.00%	12	1,747	**1,759**	49	11,568	**11,617**	**(9,858)**	507	(5)	**502**	**502**
		563,452	**609,882**	**1,173,334**	**373,631**	**587,131**	**960,762**	**212,572**	**958,913**	**(866,806)**	**92,107**	**92,107**

(*) Information from the date on which Vale do Pontal became a subsidiary.

17 Property, plant and equipment (PPE)

Consolidated	Industrial equipment	Constructions and buildings	Agricultural machinery and tractors	Paving	Vehicles	Agricultural equipment	Land	Machinery, equipment and tools	Furniture and fixtures	Computers and peripherals	Construction in progress (a)	Expenses with inter-crop maintenance	Crop in formation	Other	Total
Cost															
Balance at April 1, 2017	**393,620**	**83,347**	**40,078**	**7,862**	**12,819**	**17,482**	**3,609**	**4,625**	**1,474**	**2,049**	**17,401**	**78,930**	**247,058**	**6,927**	**917,281**
Additions	944	(5)	5,150	-	280	3,247	-	211	29	199	10,788	43,312	32,563	1,445	98,163
Write-offs	(475)	-	(8,392)	-	(127)	(599)	-	(1)	(2)	(10)	-	-	-	-	(9,606)
Transfers	7,158	6,256	-	-	137	1,251	-	19	85	41	(13,165)	-	-	(1,782)	-
Balance at March 31, 2018	**401,247**	**89,598**	**36,836**	**7,862**	**13,109**	**21,381**	**3,609**	**4,854**	**1,586**	**2,279**	**15,024**	**122,242**	**279,621**	**6,590**	**1,005,838**
Opening balance merged (Vale do Pontal) (06/30/2018)	*43,165*	*46,961*	*1,447*	*6,118*	*1,839*	*3,591*	*6,186*	*168,120*	*2,072*	*807*	*21,589*	*45,489*	*34,938*	*136*	*382,458*
Additions	1,958	827	8,634	-	5,466	733	6,722	172	94	94	4,924	68,573	55,688	8,220	162,105
Write-offs	(152)	(2)	(1,349)	-	(1,087)	(440)	-	(86)	(15)	(263)	(52)	-	(3,888)	(447)	(7,781)
Transfers	10,641	(9,687)	1,172	15,759	327	926	-	118	45	1,407	(16,511)	-	(5,753)	1,556	-
Balance at March 31, 2019	**456,859**	**127,697**	**46,740**	**29,739**	**19,654**	**26,191**	**16,517**	**173,178**	**3,782**	**4,324**	**24,974**	**236,304**	**360,606**	**16,055**	**1,542,620**
Depreciation															
Balance at April 1, 2017	(120,144)	(14,274)	(31,174)	(5,009)	(7,655)	(12,386)	-	(3,502)	(1,044)	(1,436)	-	(38,285)	(116,814)	(3,354)	(355,077)
Depreciation for the year	(23,494)	(5,912)	(6,500)	(786)	(2,562)	(3,659)	-	(429)	(93)	(253)	-	(37,982)	(39,198)	(572)	(121,440)
Write-offs	174	-	8,145	-	202	407	-	1	1	10	-	-	-	-	8,940
Balance at March 31, 2018	**(143,464)**	**(20,186)**	**(29,529)**	**(5,795)**	**(10,015)**	**(15,638)**	**-**	**(3,930)**	**(1,136)**	**(1,679)**	**-**	**(76,267)**	**(156,012)**	**(3,926)**	**(467,577)**
Opening balance merged (Vale do Pontal) (06/30/2018)	(3,942)	(47,898)	(401)	(1,268)	(710)	(1,112)	-	(138,780)	(1,717)	(189)	-	(31,236)	(7,894)	192	(234,955)
Depreciation for the year	(27,191)	(4,640)	(5,456)	(7,131)	(2,736)	(3,016)	-	(2,608)	(105)	(470)	-	(57,567)	(41,537)	(1,061)	(153,518)
Write-offs	-	-	1,105	-	401	203	-	72	12	237	-	-	-	479	2,047
Transfers	-	5,566	-	(5,566)	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2019	**(174,597)**	**(67,158)**	**(34,281)**	**(19,760)**	**(13,060)**	**(19,563)**	**-**	**(145,246)**	**(2,946)**	**(2,101)**	**-**	**(165,070)**	**(205,443)**	**(4,316)**	**(853,541)**
Net book value															
Balance at March 31, 2018	**257,783**	**69,412**	**7,307**	**2,067**	**3,094**	**5,743**	**3,609**	**924**	**450**	**600**	**15,024**	**45,975**	**123,609**	**2,664**	**538,261**
Balance at March 31, 2019	**282,262**	**60,539**	**12,459**	**9,979**	**6,594**	**6,628**	**16,517**	**27,932**	**836**	**2,223**	**24,974**	**71,234**	**155,163**	**11,739**	**689,079**

(a) (a) This basically refers to construction works for expanding the manufacturing facility and acquisitions of equipment.

Guarantee

Property, plant and equipment items were granted as guarantee for loans and financing, as described in Note 19.

Impairment test

In accordance with CPC 01 (R1)/IAS 36 - Impairment of Assets, the Company assessed the impairment indicators at March 31, 2019 and concluded that there was no need to determine the recoverable amount.

18 Loans and financing

This note discloses contractual information on loans and financing of the Company and its subsidiaries. Note 25 discloses additional information regarding the Company's and its subsidiaries' exposure to interest rate and currency risks.

Subsidiary Vale do Tijuco Açúcar e Álcool S/A took out loans in local currency, with the purpose of financing the acquisition of its manufacturing facility as well as its operations. At March 31, 2019 and 2018, the balance of loans and financing is as follows:

					Consolidated	
Credit facility	**RE.**	**Currency**	**Index**	**Year of maturity**	**2019**	**2018**
Advances on Exchange Contracts ("ACC")	(d)	USD	Fixed rate	2018	13,196	13,097
Working capital	(b)	R$	CDI	2022	169,176	140,505
Working capital	(b)	R$	Fixed rate	2019	40,149	3,280
Export Credit Notes (CCE)	(d)	R$	CDI	2022	178,606	51,135
Agribusiness Receivables Certificates (CRA)	(e)	R$	Fixed rate	2018	-	33,176
CRA	(e)	R$	CDI	2023	241,281	-
Finame	(a)	R$	TJLP	2028	38,194	16,080
Finame	(a)	R$	Fixed rate	2026	30,152	73,791
Finame	(a)	R$	SELIC	2026	1,691	1,332
Finame	(a)	R$	IPCA	2018	-	6,477
Export Credit Note (NCE)	(d)	R$	CDI	2022	80,361	20,470
NCE	(d)	R$	Fixed rate	2018	-	5,405
Pre-export financing (PPE)	(d)	R$	Fixed rate	2018	-	30,312
PPE	(d)	USD	Fixed rate	2021	162,142	268,691
PPE	(d)	USD	CDI	2018	-	63,688
Indirect transfer BNDES	(c)	R$	TJLP	2018	-	16,072
Indirect transfer BNDES	(c)	R$	Fixed rate	2018	-	13,716
					954,948	**757,227**
Transaction costs					*(22,758)*	*(14,064)*
Total					**932,190**	**743,163**
Current liabilities					***212,658***	***196,057***
Noncurrent liabilities					***719,532***	***547,106***

(*) The weighted average rates of financial charges are of 9.37% p.a.

Intercompany loans

	RE.	Currency	Index	Year of maturity	Consolidated		Individual	
					2019	2018	2019	2018
Intercompany loan - noncurrent liabilities (Note 33)	(f)	R$	(f)	(f)	-	474	5,552	3,904
Total					***-***	***474***	***5,552***	***3,904***

(a) This refers to loans taken out with the purpose of financing the acquisition of industrial and agricultural equipment. These loans have a grace period for payment of the first installment of principal, interest and charges from 6 to 18 months from the agreement execution date. The agreements are guaranteed by assignment in trust upon disposal of financed assets.

(b) This refers to working capital loans taken out by subsidiaries Vale do Tijuco and Vale do Pontal. The loans are guaranteed by sureties from the Company which mostly refer to 100% of the credit facility taken out.

(c) This refers to loan transactions entered into by subsidiary Vale do Tijuco Açúcar e Álcool S/A with Banco do Brasil S.A., Banco de Desenvolvimento de Minas Gerais - BDMG and Bradesco S.A., which are the financial agents of the agreement, in which Banco do Brasil S.A. figures as the leader of the financial agents. These amounts were drawn down by the National Bank for Economic and Social Development (BNDES) with the prerogative of: 1. financing a project to implement Vale do Tijuco Mill with milling capacity of 1.8 million tons of sugarcane; financing the expansion project of Vale do Tijuco Mill for milling capacity of 3.8 million tons of sugarcane. The amounts taken out were invested in the acquisition of industrial goods for construction and extension of the unit's production capacity. The agreements were guaranteed by assignment in trust upon disposal of financed assets and bond of credit rights of electric energy receivables, as well as by surety from the Company. The agreements with BNDES were settled over the year.

(d) Advances on exchange contracts and credit notes were entered into with various financial institutions and will be settled through exports made in the period from 2018/2019 to 2022/2023.

(e) This refers to Agribusiness Credit Rights Certificates (CDCA), under fiduciary regime registered at BM&F Bovespa and Brazil's OTC Clearing House (CETIP).

The first release occurred in October 7, 2014, in the amount of R$99 million. The CDCA installments will be increased by annual conventional interest, from the CRA payment date up to the respective payment date of each CDCA interest installment. The following financial institutions and agents were contracted: coordinator leading bank: BB-Banco de Investimentos S/A; creditor issuer agent: Gaia Agro Securitizadora S.A.; trustee: Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda; registrar agent: BNY Mellon Serviços Financeiros Distribuidora de Títulos e Valores Mobiliários S.A.; and custodian: SLW Corretora de Valores de Câmbio Ltda. The agreements are guaranteed by assignment in trust upon disposal of financed assets, bond of credit rights of VHP sugar receivables, agricultural pledge as well as surety from the Company.

The second release occurred in October 15, 2018, in the amount of R$150 million. The debenture installments will be increased by annual conventional interest, from the CRA payment date up to the respective payment date of each debenture interest installment, calculated on par value. The following financial institutions and agents were contracted: coordinator leading bank: Eco Securitizadora de Direitos Creditórios do Agronegócio S.A.; leading coordinator: XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.; trustee: Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários; settling bank: Banco Bradesco S.A., custodian: Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários, bookkeeping agent: Vórtx Distribuidora de Títulos e Valores Mobiliários Ltda., market maker: XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.

The third release occurred in January 31, 2019, in the amount of R$75 million. The debenture installments will be increased by annual conventional interest, from the CRA payment date up to the respective payment date of each debenture interest installment, calculated on par value. The following financial institutions and agents were contracted: coordinator leading bank: Eco Securitizadora de Direitos Creditórios do Agronegócio S.A.; leading coordinator: XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.; trustee: Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários; settling bank: Banco Bradesco S.A., custodian: Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários, bookkeeping agent: Vórtx Distribuidora de Títulos e Valores Mobiliários Ltda., market maker: XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.

(f) Amount granted by subsidiaries Vale do Tijuco and Vale do Pontal, without interest, which will be settled by the Company according to its cash availability, as described in Note 33.

Maturities of consolidated loans and financing and intercompany loans are as follows:

Consolidated

March 31, 2019	Book value	Up to 12 months	1 to 2 years	2 to3 years	3 to 4 years	4 to 5 years	Above 5 years
Loans and financing	932,190	212,658	247,683	285,280	176,754	5,006	4,809
Intercompany loans	-	-	-	-	-	-	-
Total	**932,190**	**212,658**	**247,683**	**285,280**	**176,754**	**5,006**	**4,809**

Consolidated

March 31, 2018	Book value	Up to 12 months	1 to 2 years	2 to3 years	3 to 4 years	4 to 5 years	Above 5 years
Loans and financing	743,163	196,057	280,032	121,674	103,065	37,675	4,660
Intercompany loans	474	-	474	-	-	-	-
Total	**743,637**	**196,057**	**280,506**	**121,674**	**103,065**	**37,675**	**4,660**

Covenants

Subsidiary Vale do Tijuco has contractual obligations arising from loans and financing relating to the Debt Coverage Ratio (ICSD), which shall be equal to or higher than 1.30, contained in the Financing Agreement through indirect transfer of funds from BNDES, with Banco Bradesco S.A. Banco do Brasil S.A. and Banco de Desenvolvimento de Minas Gerais ("BDMG"). The Company reached referred to ratio for the year ended March 31, 2019 and 2018.

19 Debentures

Credit facility	Currency	Index	Average interest and charges p.a.	Maturity	Consolidated 2019	Consolidated 2018
Debentures	R$	CDI	3.00%	2018	-	5,755
(-) Transaction costs					-	-
Total					**-**	**5,755**
Current liabilities					**-**	***5,755***
Noncurrent liabilities					**-**	**-**

On November 11, 2013, subsidiary "Vale do Tijuco" issued 12,000 thousand units of debentures, according to the indenture for issue of single-series unsecured nonconvertible debentures, with security interest and additional personal security, at a par value of R$120,000. Between the contracted parties, "Companhia Mineira de Açúcar e Álcool Participações" was established as the guarantor and "Pentagon S/A - Distribuidora de Valores Mobiliários" as the representative to the communion of the holders. The following financial institutions were contracted: Settling Bank: Itaú Unibanco S/A; Coordinator Leading Bank: Banco Itaú BBA S.A.; and Coordinating Banks: Banco Rabobank International Brasil S.A. together with Banco Votorantim S.A. and Banco Itaú BBA S.A. The financial release between the financial institutions and the issuer took place on January 20, 2014, with the first installment maturing in November 2016.

On June 13, 2016, a new General Debenture Holders' Meeting was held and a new maturity amendment was approved, changing from November 2017 to November 2018. Maturities take place from June to November of each year. The debentures were fully settled over the year.

Debentures mature as follows:

March 31, 2019	Book value	Up to 12 months	1 to 2 years
Debentures	-	-	-

March 31, 2018	Book value	Up to 12 months	1 to 2 years
Debentures	5,755	5,755	-

20 Trade and other accounts payable

	Consolidated		Individual	
	2019	2018	2019	2018
Local suppliers of materials and services	82,621	59,821	93	95
Sugarcane suppliers	19,596	17,974	-	-
Accounts payable to related parties (Note 33)	1,071	-	-	-
	103,288	**77,795**	**93**	**95**

The harvest period of sugarcane, between April and December of each year, on average, has a direct impact on the balance of sugarcane suppliers and cutting, loading and transportation services.

The amounts payable to sugarcane suppliers and agricultural partners take into consideration sugarcane delivered and not yet paid, as well as the price supplement calculated based on the final crop price through the Total Recoverable Sugar (ATR) index disclosed by the São Paulo State Council of Sugarcane, Sugar and Ethanol Producers (Consecana/SP).

The Company and its subsidiaries evaluated the present value adjustment of their trade accounts payable at March 31, 2019 and 2018, and concluded that these balances do not generate material adjustments to present value in financial information.

Information on the Group's exposure to liquidity and fair value measurement risks related to trade accounts payable and other accounts payable is disclosed in Note 26.

21 Advances from customers

	Consolidated	
	2019	2018
Advances from customers - sugar	74,095	51,570
Advances from customers - ethanol	1,172	9,572
Advances from customers - sugarcane	43,069	-
Other	1,123	650
Total	**119,459**	**61,792**
Current liabilities	*40,095*	*61,792*
Noncurrent liabilities	*79,364*	-

22 Provision for contingencies

The Group is a party to lawsuits involving labor, civil, tax and civil contingencies. To cover future losses related to these proceedings, a provision was recorded at an amount deemed sufficient by Group management to cover losses assessed as probable. The assessment of the likelihood of loss in these lawsuits, as well as the determination of amounts involved, was performed considering the claims of plaintiffs, the case law on the matters and the opinion of the Group's legal advisors. Significant information on these proceedings is as follows:

	Consolidated	
	2019	**2018**
Opening balance	**3,468**	**1,229**
Opening balance merged (Vale do Pontal) (06/30/2018)	*1,994*	-
Additions	1,713	4,035
Write-offs	(2,819)	(1,796)
Closing balance	**4,356**	**3,468**

Based on information from its legal advisors, analysis of pending legal proceedings and previous experience with regard to amounts claimed, management set up a provision at an amount deemed sufficient to cover losses, if any, on ongoing proceedings.

Unaccrued contingent liabilities

Contingent liabilities not recognized in the financial statements refer to proceedings whose likelihood of loss is assessed as possible by the legal advisors, amounting to R$4,050 at March 31, 2019 (R$2,935 at March 31, 2018), for which no provision has been recorded, since the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) do not require such recording.

23 Equity

a. Capital

At March 31, 2019, capital is represented by 1,064,082,217 (744,857,552 at March 31, 2018) common registered shares, with no par value, held as follows:

	Individual and Consolidated			
	2019		**2018**	
	Shares	**R$**	**Shares**	**R$**
IndoAgri Brazil Participações Ltda.	372,428,776	175,466	372,428,776	175,466
Ápia SP Participações S.A.	372,428,776	127,898	372,428,776	127,898
JFLIM Participações S.A.	319,224,665	75,875	-	-
Total	**1,064,082,217**	**379,239**	**744,857,552**	**303,364**

On July 1, 2018, by means of the Minutes of the Special General Meeting, a capital increase was approved from R$303,364 to R$379,239 at Companhia Mineira de Açúcar and Álcool Participações by subscription of R$75,875 through issue of 319,224,665 new common shares paid up by JFLIM Participações S.A. with the contribution of the equity value of Vale do Pontal Açúcar e Álcool Ltda.

b. Capital reserve

As a result of the capital increase on July 13, 2007, the Company recorded a special goodwill reserve in the amount of R$4,164 according to the Brazilian Corporation Law.

c. Legal reserve

The legal reserve is set up at 5% of the net income for each year, under the terms of Law No. 6404/76, article 193, capped at 20% of the capital.

d. Statutory reserve

The Company shall maintain a statutory reserve for the development or expansion of its business, the purposes of which shall be: (i) ensure funds for investments in research and technology; (ii) increase working capital to ensure operational conditions appropriate to the achievement of the Company's social objectives; and (iii) finance the growth of the Company's business. After legal adjustments and deductions, up to 100% of the remaining net income may be allocated to the statutory reserve, up to the limit of capital, if approved at the Annual General Meeting.

e. Equity adjustment

This includes the effective portion of the cumulative net variation of foreign exchange differences of liabilities denominated in US dollar and derivatives designated as cash flow hedging instruments of its future exports (hedged item), as described in Note 25.

f. Dividends

The Company's Articles of Incorporation determine a percentage not less than 25% to the payment of mandatory minimum dividends. Due to accumulated losses, there were no declarations and payments of dividends.

24 Capital management

The Group's capital is managed so as to balance own and third party's sources of funds, return to shareholders and risk for shareholders and creditors.

The Group's debt relating to adjusted capital ratio at the end of the year is as follows:

	Consolidated	
	2019	**2018**
Total liabilities	1,205,343	944,115
(-) Cash and cash equivalents and restricted short-term investments	*(385,969)*	*(247,566)*
(=) Net debt (A)	**819,374**	**696,549**
Equity (B)	*292,685*	*204,823*
Net debt-to-equity ratio (A) / (B)	*2,80*	*3.40*

25 Financial instruments

a. Accounting classification and fair values

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

March 31, 2019	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Cash and banks	106,349	-	106,349	106,349	-	-	106,349
Sort-term investments	275,001	-	275,001	-	275,001	-	275,001
Restricted short-term investments	4,619	-	4,619	-	4,619	-	4,619
Derivative financial instruments	8,069	-	8,069	-	8,069	-	8,069
Total	**394,038**	**-**	**394,038**	**106,349**	**287,689**	**-**	**394,038**
Financial assets not measured at fair value							
Trade and other accounts receivable	-	50,797	50,797				
Accounts receivable from related parties (Note 33)	-	7,414	7,414				
Total	**-**	**58,211**	**58,211**				

March 31, 2019	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value							
Loans and financing	-	932,190	932,190	-	932,190	-	932,190
Intercompany loans (Note 33)	-	-	-	-	-	-	-
Derivative financial instruments	9,707	-	9,707	-	9,707	-	9,707
Total	**9,707**	**932,190**	**941,897**	**-**	**941,897**	**-**	**941,897**
Financial liabilities not measured at fair value							
Trade and other accounts payable		103,288	103,288				
Total	**-**	**103,288**	**103,288**				

March 31, 2018	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Cash and banks	132,147	-	132,147	132,147	-	-	132,147
Sort-term investments	110,582	-	110,582	-	110,582	-	110,582
Restricted short-term investments	4,837	-	4,837	-	4,837	-	4,837
Derivative financial instruments	13,689	-	13,689	-	13,689	-	13,689
Total	**261,255**	**-**	**261,255**	**132,147**	**129,108**	**-**	**261,255**
Financial assets not measured at fair value							
Trade and other accounts receivable	-	15,154	15,154				
Accounts receivable from related parties (Note 33)	-	78,266	78,266				
Total	**-**	**93,420**	**93,420**				

March 31, 2018	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value							
Loans and financing	-	743,163	743,163	-	743,163	-	743,163
Intercompany loans (Note 33)	-	474	474	-	474	-	474
Derivative financial instruments	14,724	-	14,724	-	14,724	-	14,724
Debentures	-	5,755	5,755	-	5,755	-	5,755
Total	**14,724**	**749,392**	**764,116**	**-**	**764,116**	**-**	**764,116**
Financial liabilities not measured at fair value							
Trade and other accounts payable	-	77,795	77,795				
Total	**-**	**77,795**	**77,795**				

b. Fair value measurement

The book value of financial instruments recorded in the statement of financial position, when compared to the amounts that could be obtained from their trading in an active market, or in the absence of such markets, using the net present value adjusted for the current market interest rate, substantially approximates the related market value.

There were no transfers between levels to be considered as at March 31, 2019, in relation to the disclosures as at March 31, 2018.

c. Financial risk management

The Group engages in transactions involving financial instruments to meet its own needs. At March 31, 2019, the Group does not have financial instruments that are not recorded in the accounting books and does not carry out transactions involving financial instruments for speculative purposes. The main risks related to the Group's operations are as follows:

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

This Note brings information about the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for measuring and managing risks, and its capital management.

Risk management framework

The Board of Directors is responsible for monitoring the Group's risk management policies, and each manager regularly reports the department activities to the Board.

The Group's risk management policies are established to find and analyze any risks faced by the Group, to define limits and appropriate risk controls, and to monitor risks and compliance with these limits. These risk management systems and policies are regularly reviewed to reflect changes in market conditions and in the Group's activities. The Group, through its standards and training and management procedures, aims at developing a disciplined and constructive control environment, where all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of the Group incurring losses due to a customer or a counterparty in a financial instrument arising from their failure to comply with their contractual obligations. The risk derives mainly from trade accounts receivable and financial instruments as shown below.

Credit risk exposure

The book values of financial assets represent the maximum credit risk exposure. The maximum credit risk exposure at the reporting date was as follows:

	Consolidated		Individual	
	2019	**2018**	**2019**	**2018**
Cash and cash equivalents	381,350	242,729	11	562
Restricted short-term investments	4,619	4,837	-	-
Trade and other accounts receivable	58,211	93,420	332	52
Derivative financial instruments	8,069	13,689	-	-
Total	**452,249**	**354,675**	**343**	**614**
Current assets	*422,326*	*349,782*	*11*	*562*
Noncurrent assets	*29,923*	*4,893*	*332*	*52*

Cash and cash equivalents

The principle adopted by the Company and its subsidiaries is to handle a limited number of financial institutions, seeking to do business with those that are more solid. In addition, another policy aimed at mitigating credit risk is to hold balances of short-term investments in proportion to the balance of loans and financing with each institution.

The Company and its subsidiaries have not recorded losses on cash and cash equivalents.

Trade and other accounts receivable

The exposure of the Company and its subsidiaries to credit risk is mainly influenced by the individual characteristics of each customer. In addition, sales are well-distributed throughout the corporate year (mainly in the harvest period, which runs from March to December of each calendar year), which enables the Company and its subsidiaries to interrupt deliveries to customers that may be a potential credit risk.

Impairment losses

The aging list of receivables from customers recorded in current assets at the financial statement reporting date was broken down as follows:

	Consolidated	
	2019	**2018**
Falling due	50,322	90,909
Overdue within 30 days	4,796	2,012
Overdue from 31 to 90 days	280	422
Overdue from 91 to 180 days	2,813	77
Overdue above 181 days	**7**	7
	58,218	**93,427**
Allowance for doubtful accounts	*(7)*	*(7)*
	58,211	**93,420**

The Company and its subsidiaries reviewed the present value adjustment of their trade accounts receivable as at March 31, 2019 and 2018, and concluded that the amounts approximate their related carrying amount, since the receivables turnover is in the short-term.

The allowance for doubtful accounts is recorded based on trade notes overdue for more than 180 days, in an amount considered sufficient by management to cover probable losses on the realization of trade accounts receivable. Management assessed the characteristics of its accounts receivable by customer and does not expect future losses, and no additional allowance for losses is required.

For customers with a history of non-compliance with their financial obligations, the Company and its subsidiaries seek to require prepayments.

Guarantees

Subsidiaries Vale do Tijuco Açúcar e Álcool S/A and Vale do Pontal Açúcar e Álcool Ltda. are the guarantors with financial entities and credit cooperatives, of transactions of purchase of inputs and financing to be used in the planting and harvesting of sugarcane of their suppliers. At March 31, 2019, the total amount guaranteed is R$46,051. Subsidiaries Vale do Tijuco Açúcar e Álcool S/A and Vale do Pontal Açúcar e Álcool Ltda. will assume the debt of their suppliers, within the limit of the guarantee provided, in case of nonpayment of their obligations. Any amounts disbursed by the Company to pay suppliers' obligations, in the event of default, will be adjusted by reference to the TJLP (Long-Term Interest Rate), plus 5.5% per year on a "pro-rata" day basis, and will be discounted when the sugarcane is supplied by the supplier.

Liquidity risk

Liquidity risk is the risk that the Group may have difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The responsibility for managing liquidity risk lies with the Group's Management and Board of Directors, which manages liquidity risk based on the need for funding and short, medium and long-term liquidity management, having credit facilities according to cash needs, combining the maturity profiles of their financial assets and liabilities.

The Group uses information systems and management tools that provide the condition for monitoring cash flow requirements and optimizing its cash return on investments. The Group's policy is to operate with high liquidity to ensure compliance with operating and financial obligations for at least one operating cycle; this includes the potential impact of extreme circumstances that cannot be reasonably anticipated, such as natural disasters and cyclical changes in the commodities market.

The Company does expect that cash flows included in the Group's maturity analyses may occur significantly earlier or at amounts significantly different.

Liquidity risk exposure

The carrying amount of financial liabilities with liquidity risk is shown below:

	Consolidated		**Individual**	
	2019	**2018**	**2019**	**2018**
Loans and financing	932,190	743,163	-	-
Intercompany loans (Note 33)	-	474	5,552	3,904
Debentures	-	5,755	-	-
Trade and other accounts payable	103,288	77,795	93	95
Derivative financial instruments	9,707	14,724	-	-
Total	**1,045,185**	**841,911**	**5,645**	**3,999**
Current liabilities	*317,617*	*282,715*	*93*	*95*
Noncurrent liabilities	*727,568*	*559,196*	*5,552*	*3,904*

The recorded maturity of financial liabilities is as follows:

Consolidated March 31, 2019	**Book value**	**Contractual flow**	**Up to 12 months**	**1 to 2 years**	**2 to3 years**	**3 to 4 years**	**4 to 5 years**	**Above 5 years**
Loans and financing	932,190	1,081,330	246,681	287,310	330,922	205,033	5,807	5,577
Trade and other accounts payable	103,288	103,288	103,288	-	-	-	-	-
Derivative financial instruments	9,707	9,707	1,671	5,232	-	2,804	-	-
Total	**1,045,185**	**1,194,325**	**351,640**	**292,542**	**330,922**	**207,837**	**5,807**	**5,577**

Consolidated March 31, 2018	**Book value**	**Contractual flow**	**Up to 12 months**	**1 to 2 years**	**2 to3 years**	**3 to 4 years**	**4 to 5 years**	**Above 5 years**
Loans and financing	743,163	868,619	229,133	327,356	142,201	120,453	44,031	5,445
Intercompany loans (Note 33)	474	474	474	-	-	-	-	-
Debentures	5,755	8,141	8,141	-	-	-	-	-
Trade and other accounts payable	77,795	77,795	77,795	-	-	-	-	-
Derivative financial instruments	14,724	14,724	3,108	10,859	6	174	577	-
	841,911	**969,753**	**318,651**	**338,215**	**142,207**	**120,627**	**44,608**	**5,445**

Market risk

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, may affect the Group's results or its share in financial instruments. Through its activities, the Group is also exposed to financial risks resulting from changes in the price of Total Recoverable Sugar (ATR), used to calculate the fair value of the biological asset, and in the price of VHP (Very High Polarization) sugar.

Interest rate risk

The Group is exposed to interest rate risks related to loans and financing taken out and short-term investments, mainly exposed to changes in CDI, SELIC and TJLP rates. The Group's management monitors fluctuations in variable interest rates in connection with certain debts, using derivative instruments to minimize the impact from these risks.

Profile

At the reporting date, the profile of the Group's interest-bearing financial instruments was:

	Consolidated		**Individual**	
	2019	**2018**	**2019**	**2018**
Financial assets				
Cash and cash equivalents	275,001	110,582	11	553
Restricted short-term investments	4,619	4,837	-	-
Total	**279,620**	**115,419**	**11**	**553**
Financial liabilities				
Loans and financing	932,190	743,163	-	-
Debentures	-	5,755	-	-
Total	**932,190**	**748,918**	**-**	**-**

Cash flow sensitivity analysis for variable rate instruments - consolidated

The sensitivity analysis is determined based on the exposure to interest rates of non-derivative financial instruments as at March 31, 2019. As determined by CVM Ruling No. 475/08, which requires the presentation of two scenarios with 25% and 50% decrease in the risk variable considered, the Group presents below the possible impacts of how much the equity and P&L for the year would have increased (decreased) according to the amounts shown below. These scenarios could bring impacts to the Group's P&L and future cash flows as described below:

- Scenario I: This refers to the most probable scenario for interest rates, at the reporting date;
- Scenario II: 25% increase/decrease in the main risk factor of the financial instrument in relation to the level verified in the probable scenario; and
- Scenario III: 50% increase/decrease in the main risk factor of the financial instrument in relation to the level verified in the probable scenario.

Interest rate risk on financial assets and liabilities - appreciation of rates (Consolidated)

Instruments	Exposure in March 2019	Risk	Probable		25% variation in the index		50% variation in the index	
			%	Amount	%	Amount	%	Amount
Financial assets								
Sort-term investments	*275,001*	*CDI*	*6.40%*	*17,600*	*8.00%*	*4,400*	*9.60%*	*8,800*
Restricted short-term investments	*4,619*	*CDI*	*6.40%*	*296*	*8.00%*	*74*	*9.60%*	*148*
Financial liabilities								
Working capital	*(169,176)*	*CDI*	*6.40%*	*(10,827)*	*8.00%*	*(2,707)*	*9.60%*	*(5,414)*
CCE	*(178,606)*	*CDI*	*6.40%*	*(11,431)*	*8.00%*	*(2,858)*	*9.60%*	*(5,715)*
CRA	*(241,181)*	*CDI*	*6.40%*	*(15,436)*	*8.00%*	*(3,859)*	*9.60%*	*(7,718)*
Finame	*(38,194)*	*TJLP*	*6.79%*	*(2,593)*	*8.49%*	*(648)*	*10.19%*	*(1,297)*
Finame	*(1,691)*	*SELIC*	*6.16%*	*(104)*	*7.70%*	*(26)*	*9.24%*	*(52)*
NCE	*(80,361)*	*CDI*	*6.40%*	*(5,143)*	*8.00%*	*(1,286)*	*9.60%*	*(2,572)*
Impact on P&L and equity						**(6,910)**		**(13,820)**

Interest rate risk on financial assets and liabilities - appreciation of rates - Consolidated

Instruments	Exposure in March 2019	Risk	Probable		25% variation in the index		50% variation in the index	
			%	Amount	%	Amount	%	Amount
Financial assets								
Sort-term investments	*275,001*	*CDI*	*6.40%*	*17,600*	*4.80%*	*(4,400)*	*3.20%*	*(8,800)*
Restricted short-term investments	*4,619*	*CDI*	*6.40%*	*296*	*4.80%*	*(74)*	*3.20%*	*(148)*
Financial liabilities								
Working capital	*(169,176)*	*CDI*	*6.40%*	*-16,359*	*4.80%*	*2,707*	*3.20%*	*5,414*
CCE	*(178,606)*	*CDI*	*6.40%*	*-11,431*	*4.80%*	*2,858*	*3.20%*	*5,715*
CRA	*(241,181)*	*CDI*	*6.40%*	*-9,910*	*4.80%*	*3,859*	*3.20%*	*7,718*
Finame	*(38,194)*	*TJLP*	*6.79%*	*-2,593*	*5.09%*	*648*	*3.40%*	*1,297*
Finame	*(1,691)*	*SELIC*	*6.16%*	*-104*	*4.62%*	*26*	*3.08%*	*52*
NCE	*(80,361)*	*CDI*	*6.40%*	*-5,143*	*4.80%*	*1,286*	*3.20%*	*2,572*
Impact on P&L and equity						**6,910**		**13,820**

Source: Information on CDI was obtained from the CETIP database, TJLP was obtained from the Brazilian IRS; and SELIC was obtained from the Central Bank of Brazil.

Currency risk

The Group is subject to currency risk (US dollar) in part of its borrowings denominated in a currency other than the functional currency.

With respect to other monetary assets and liabilities denominated in foreign currency, the Group ensures that its net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term instabilities.
The short-term portions of monetary liabilities denominated in foreign currency are backed by assets also denominated in foreign currency (export of sugar with a price fixed in foreign currency).

The long-term portion of these liabilities is backed by the Company's sugar exports, which represent 100% of exports, and has prices denominated in foreign currency and with little sensitivity to exchange rate fluctuations.

Currency risk exposure

The net exposure in foreign currency is shown in the table below by principal amounts (in US$ thousand):

	Consolidated	
	2019	**2018**
Cash and cash equivalents	27,187	39,696
Swap and options	9,225	(24,423)
Loans and financing	(44,816)	(120,773)
Advances from customers	(696)	-
NDF - currency and commodities	(14,048)	2,230
Net exposure	**(23,148)**	**(103,270)**

Sensitivity analysis - currency risk - Consolidated

The sensitivity analysis is determined based on the exposure of loans and financing to the US dollar fluctuation at the end of March 31, 2019. As required by CVM Ruling No. 475/08, which requires the presentation of two scenarios with 25% and 50% decrease in the risk variable considered, the Group presents below the possible impacts of how much the equity and P&L for the period would have increased (decreased) according to the amounts shown below. These scenarios could bring impacts to the Group's P&L and/or future cash flows as described below:

- Scenario I: For the probable scenario in US dollars, the exchange rate in effect at March 31, 2019 was considered;

- Scenario II: 25% increase/decrease in the main risk factor of the financial instrument in relation to the level verified in the probable scenario; and

- Scenario III: 50% increase/decrease in the main risk factor of the financial instrument in relation to the level verified in the probable scenario.

			Increase (R$)		Decrease (R$)	
Scenarios	**USD thousand**	**R$**	**25%**	**50%**	**25%**	**50%**
Financial instruments						
Assets						
Cash and cash equivalents	27,187	105,939	26,485	52,970	(26,485)	(52,970)
Financial instruments						
Swap	13,585	3,992	998	1,996	(998)	(1,996)
NDF - currency and commodities	1,260	3,681	920	1,841	(920)	(1,841)
Liabilities						
Loans and financing	(45,816)	(175,346)	(43,837)	(87,673)	43,837	87,673
Advances from customers	(696)	(2,713)	(678)	(1,357)	678	1,357
Financial instruments						
Swap	(4,360)	(266)	(67)	(133)	67	133
NDF - currency and commodities	(15,308)	(6,637)	(1,659)	(3,319)	1,659	3,319
Impact on P&L and equity			**(17,838)**	**(35,675)**	**17,838**	**35,675**

The information used to calculate the sensitivity analysis shown above was obtained from external market sources such as BM&FBovespa.

Hedge accounting

Cash flow hedge involving Group exports

The Group adopts a cash flow hedge accounting structure that consists of hedging an expected highly probable export transaction in foreign currency (US dollar - USD) against the risk of fluctuations in USD/BRL exchange rate, using as hedging instruments non-derivative financial instruments - such as ACC (Advances on Exchange Contracts) and NDF - currency and commodities - in amounts and maturities equivalent to those of exports. The following is a hedging relationship designated for hedge accounting:

	2019		2018	
Consolidated	**P&L realized**	**Unrealized Equity Net**	**P&L realized**	**Unrealized Equity Net**
ACC	-	(20,623)	-	(11,540)
NDF - currency and commodities	-	(5,856)	12,933	-
Total exposure	**-**	**(26,479)**	**12,933**	**(11,540)**
(-) Deferred IR/CS	-	9,003	-	3,924
Net exposure	**-**	**(17,476)**	**12,933**	**(7,616)**

The effective portion of the change in the fair value of derivatives designated and qualified as cash flow hedge, and not settled, and the foreign exchange differences on non-derivative hedging instruments are recognized in equity as "Equity adjustments." This portion is realized upon the elimination of the risk for which the hedging instruments were designated. Upon settlement of financial instruments, gains and losses previously deferred in other comprehensive income are transferred to profit or loss.

Derivative financial instruments

The Group is exposed to the currency risk of future cash flows in foreign currency, due to revenue from sugar exports. In order to mitigate this risk, the Group adopts hedging procedures based on the exchange exposure calculated by the commercial credit amount for the next 12 months, which is monthly reviewed. The future cash flow hedge is reviewed and discussed by the Group's Board of Directors, which approves and authorizes the purchase and designation of derivative financial instruments for hedge accounting.

The table below shows the major financial instrument transactions, as well as their respective fair values calculated by the Group's management.

Consolidated	Type Currency	2019 Notional (US$/R$ thousand)	2019 Fair value (R$)	2018 Notional (US$/R$ thousand)	2018 Fair value (R$)
Assets					
Swap	US$	13,585	3,992	123,895	3,829
Swap	R$	28,905	396	-	-
Call and put options	US$	-	-	276	919
NDF - currency and commodities	US$	1,260	3,681	2,805	8,941
Total			**8,069**		**13,689**
Current assets			*7,626*		*9,860*
Noncurrent assets			*443*		*3,829*

Consolidated	Type Currency	2019 Notional (US$/R$ thousand)	2019 Fair value (R$)	2018 Notional (US$/R$ thousand)	2018 Fair value (R$)
Liabilities					
Swap	US$	(4,360)	(266)	145,349	(11,894)
Swap	R$	(152,393)	(2,804)	-	-
Call and put options	US$	-	-	835	(2,779)
NDF - currency and commodities	US$	(15,308)	(6,637)	16	(51)
Total			**(9,707)**		**(14,724)**
Current liabilities			*(1,671)*		*(3,108)*
Noncurrent liabilities			*(8,036)*		*(11,616)*

The instruments mature as follows:

Assets

Consolidated March 31, 2019	Type	Notional	Book value	Up to 12 months	1 to 2 years	2 to3 years	3 to 4 years	4 to 5 years
Swap	R$	28,905	396	-	396	-	-	-
Swap	USD	13,585	3,992	3,992	-	-	-	-
NDF - currency and commodities	VHP	1,260	3,681	3,633	48	-	-	-
Subtotal	**VHP**	**1,260**	**3,681**	**3,633**	**48**	**-**	**-**	**-**
Subtotal	**R$**	**28,905**	**396**	**-**	**396**	**-**	**-**	**-**
Subtotal	**USD**	**13,585**	**3,992**	**3,992**	**-**	**-**	**-**	**-**
Total			**8,069**	**7,625**	**444**	**-**	**-**	**-**

Liabilities

Consolidated March 31, 2019	**Type**	**Notional**	**Book value**	**Up to 12 months**	**1 to 2 years**	**2 to3 years**	**3 to 4 years**	**4 to 5 years**
Swap	R$	(152,393)	(2,804)	-	-	-	(2,804)	-
Swap	USD	(4,360)	(266)	(40)	(226)	-	-	-
NDF - currency and commodities	VHP	(15,308)	(6,637)	(1,631)	(5,006)	-	-	-
Subtotal	**VHP**	**(15,308)**	**(6,637)**	**(1,631)**	**(5,006)**	**-**	**-**	**-**
Subtotal	**R$**	**(152,393)**	**(2,804)**	**-**	**-**	**-**	**(2,804)**	**-**
Subtotal	**USD**	**(4,360)**	**(266)**	**(40)**	**(226)**	**-**	**-**	**-**
Total			**(9,707)**	**(1,671)**	**(5,232)**	**-**	**(2,804)**	**-**

Assets

Consolidated March 31, 2018	**Type**	**Notional**	**Book value**	**Up to 12 months**	**1 to 2 years**	**2 to3 years**	**3 to 4 years**	**4 to 5 years**
Call and put options	VHP	276	919	919	-	-	-	-
Swap	R$	93,737	623	199	133	6	-	286
Swap	USD	123,895	3,206	379	2,827	-	-	-
NDF - currency and commodities	USD	2,469	7,837	7,259	577	-	-	-
NDF - currency and commodities	VHP	336	1,104	1,104	-	-	-	-
Subtotal	**VHP**	**612**	**2,023**	**2,023**	**-**	**-**	**-**	**-**
Subtotal	**R$**	**93,737**	**623**	**199**	**133**	**6**	**-**	**286**
Subtotal	**USD**	**126,364**	**11,043**	**7,638**	**3,404**	**-**	**-**	**-**
Total			**13,689**	**9,860**	**3,537**	**6**	**-**	**286**

Liabilities

Consolidated March 31, 2018	**Type**	**Notional**	**Book value**	**Up to 12 months**	**1 to 2 years**	**2 to3 years**	**3 to 4 years**	**4 to 5 years**
Call and put options	VHP	835	(2,779)	(2,779)	-	-	-	-
Swap	R$	90,767	(960)	-	(203)	(6)	(174)	(577)
Swap	USD	145,349	(10,934)	(278)	(10,656)	-	-	-
NDF - currency and commodities	USD	16	(51)	(51)	-	-	-	-
Subtotal	**VHP**	**835**	**(2,779)**	**(2,779)**	**-**	**-**	**-**	**-**
Subtotal	**R$**	**90,767**	**(960)**	**-**	**(203)**	**(6)**	**(174)**	**(577)**
Subtotal	**USD**	**145,365**	**(10,985)**	**(329)**	**(10,656)**	**-**	**-**	**-**
Total			**(14,724)**	**(3,108)**	**(10,859)**	**(6)**	**(174)**	**(577)**

Sensitivity analysis of derivative financial instruments

Below is the sensitivity analysis of the change in the fair value the Group's derivative financial instruments in the probable, possible and remote scenarios.

Interest rate risk on financial assets and liabilities - appreciation of rates

			Scenario 1		Scenario 2		Scenario 3	
Instrument	**Notional**	**Risk**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**
Derivative financial instruments - assets								
Swap	28,905	CDI	6.40%	396	8.00%	495	8.00%	594
Swap	13,585	FX	3.8967	3,992	4.8709	4,990	4.8709	5,988
NDF - currency and commodities	1,260	FX	3.8967	3,681	4.8709	4,601	4.8709	5,522
Total derivative financial instruments - assets				**8,069**		**10,086**		**12,104**
Current assets				*7,626*				
Noncurrent assets				*443*				
Derivative financial instruments - liabilities								
Swap	(152,393)	CDI	6.40%	(2,804)	8.00%	(3,505)	8.00%	(4,206)
Swap	(4,360)	FX	3.8967	(266)	4.8709	(333)	4.8709	(399)
NDF - currency and commodities	(15,308)	FX	3.8967	(6,637)	4.8709	(8,296)	4.8709	(9,956)
Total derivative financial instruments - liabilities				**(9,707)**		**(12,134)**		**(14,561)**
Current liabilities				*(1,671)*				
Noncurrent liabilities				*(8,036)*				
Impact on P&L and equity (change)				**(1,638)**		**(410)**		**(820)**

Interest rate risk on financial assets and liabilities - depreciation of rates

			Scenario 1		Scenario 2		Scenario 3	
Instrument	**Notional**	**Risk**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**
Derivative financial instruments - assets								
Swap	28,905	CDI	6.40%	396	8.00%	(495)	8.00%	(594)
Swap	13,585	FX	3.8967	3,992	4.8709	(4,990)	4.8709	(5,988)
NDF - currency and commodities	1,260	FX	3.8967	3,681	4.8709	(4,601)	4.8709	(5,522)
Total derivative financial instruments - assets				**8,069**		**(10,086)**		**(12,104)**
Current assets				*7,626*				
Noncurrent assets				*443*				
Derivative financial instruments - liabilities								
Swap	(152,393)	CDI	6.40%	(2,804)	8.00%	3,505	8.00%	4,206
Swap	(4,360)	FX	3.8967	(266)	4.8709	333	4.8709	399
NDF - currency and commodities	(15,308)	FX	3.8967	(6,637)	4.8709	8,296	4.8709	9,956
Total derivative financial instruments - liabilities				**(9,707)**		**12,134**		**14,561**
Current liabilities				*(1,671)*				
Noncurrent liabilities				*(8,036)*				
Impact on P&L and equity (change)				**(1,638)**		**410**		**820**

Gain (loss) on derivative financial instruments

The Group recorded gains and losses arising from these transactions in the statement of profit or loss for the year. At March 31, 2019 and 2018, the impacts recorded in the statement of profit or loss are shown below:

	Consolidated			
Derivative	**Market**	**Risk**	**2019**	**2018**
NDF - currency and commodities	CETIP	USD	(377)	8,890
Call and put options	CETIP	USD	(257)	(1,860)
Swap	CETIP	USD	34,161	(8,066)
			33,527	**(1,036)**
(-) Deferred IR/CS			*(11,399)*	*352*
Net effect on the Group's P&L			**22,128**	**(684)**

26 Deferred income and social contribution taxes

	Assets/liabilities		P&L		Equity	
Consolidated	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Provision for contingencies	2,929	1,976	313	834	-	-
Allowance for doubtful accounts	2	2	-	-	-	-
Provision for inventory losses	858	-	858	-	-	-
Effects of swap contracts	(448)	352	(220)	(3,422)	-	-
Income and social contribution tax losses (a)	2,143	1,829	(81)	(88)	-	-
Fair value of biological assets	(386)	659	(271)	295	-	-
Effects of ACC	17,279	3,924	10,268	(2,705)	3,088	8,129
Effects of NDF - foreign exchange	1,005	-	(986)	-	1,991	-
Net assets	**23,382**	**8,742**	**9,881**	**(5,086)**	**5,079**	**8,129**

(a) Company management recognized deferred income and social contribution tax assets arising from income tax and social contribution tax loss carryforwards up to the limit of 30% of deferred income and social contribution tax liabilities - annual limit for tax loss carryforwards, according to the tax legislation, arising from the gain determined in the calculation of the fair value of biological assets. The remaining balance of unrecorded deferred income and social contribution tax losses is approximately of R$104,137.

Reconciliation of the effective rate	**Consolidated**	
	2019	**2018**
Income for the year before taxes	9,436	110,064
Statutory rate	34%	34%
Tax expense at statutory rate	**(3,208)**	**(37,422)**
Adjustment to income and social contribution taxes		
Permanent additions and exclusions	12,064	20,788
Effects of financial instruments realized previously recognized in equity	-	(3,544)
Current taxes	(485)	(15,092)
Deferred taxes	9,881	(5,086)

The statutory tax rate is 34% on adjusted income, according to current legislation in Brazil for annual taxable profit. The effective rate shown above represents management's best estimate for the expected annual rate. The differences identified arise from the effects of the unrecorded tax credits mentioned in item (a) of this Note.

According to current tax legislation, deductible temporary differences and accumulated tax losses are not barred by the statute of limitations.

27 Operating segments

Group management prepares its reports on the financial statements on the same basis as this information is disclosed, as this financial statements is regularly reviewed by the Group's chief decision maker about resource allocations. Accordingly, Management has one single operating segment, namely "energy".

28 Net operating revenue

The Group's operating revenue comprises sugar and ethanol sales to the domestic and foreign markets and electric power.

Reconciliation between gross revenues for tax purposes and revenues stated in the statement of profit and loss for the year is as follows:

	Consolidated	
	2019	**2018**
Gross revenue from sales and services:		
Ethanol - domestic market	544,781	289,877
Sugar - foreign market	297,414	388,843
Electric power (a)	76,474	79,510
Other revenues	4,823	1,092
CPC 38 - Hedge accounting (Note 25)	-	*12,933*
Gross revenue for tax purposes	**923,492**	**772,255**
Sales taxes	*(90,537)*	*(51,468)*
Rebates and returns	-	*(124)*
Net operating revenue	**832,955**	**720,663**

(b) This refers to the supply of electric power to the Electric Energy Trading Chamber (CCEE), as established in the contract executed following the bid organized by the Brazilian Electricity Regulatory Agency (ANEEL). The energy supply contract establishes the supply of 876,000 Mwh, between April 2010 and March 2025, as follows:

Year of supply	Agreed in contract (Mwh)	Exported (Mwh)
2010 / 2011	17,520	17,520
2011 / 2012	61,320	61,320
2012 / 2013	61,320	61,320
2013 / 2014	61,320	61,320
2014 / 2015	61,320	61,320
2015 / 2016	61,320	61,320
2016 / 2017	61,320	61,320
2017 / 2018	61,320	61,320
2018 / 2019	61,320	61,320
2019 / 2020	61,320	-
2020 / 2021	61,320	-
2021 / 2022	61,320	-
2022 / 2023	61,320	-
2023 / 2024	61,320	-
2024 / 2025	61,320	-
Total	**876,000**	**508,080**

Subsidiary Vale do Tijuco Açúcar e Álcool S/A maintains contracts for the sale of energy with other companies amounting to 443,660/Mwh until the 22/23 crop, the flow of deliveries for the next crops is as follows:

Crop	2019/2020	2020/2021	2021/2022	2022/2023	Total
Total	143,600	100,020	100,020	100,020	443,660

Energy income is split into fixed and variable income.

Fixed income

Subsidiary Vale do Tijuco Açúcar e Álcool S/A is entitled to receive annual fixed income of R$9,412, monetarily restated by reference to the Extended Consumer Price Index (IPCA). The fixed income is paid monthly at the proportion of one twelfth.

In case the energy is supplied at amounts below the agreed in the contract, subsidiary Vale do Tijuco Açúcar e Álcool S/A will be required to pay an annual refund to be calculated by CCEE at the end of each supply period. The Company already delivered 100% of the 61,320 Mwh agreed by CCEE for the year.

29 Expenses by nature

The Company presented its statements of profit or loss using a classification of expenses based on their function. Information on the nature of these expenses recognized in the statements of profit or loss is as follows:

	Consolidated	
	2019	2018
Cost of products sold		
CPS - Amortization of treatments	(71,660)	(50,092)
CPS - Amortization of plantation	(43,550)	(39,915)
CPS - Purchase of sugarcane on conveyor	(187,477)	(138,250)
CPS - Agricultural partnership - lease	(37,604)	(33,601)
CPS - Depreciation	(34,307)	(27,533)
CPS - Costs with CCT	(176,643)	(133,771)
CPS - Manufacturing costs	(101,219)	(63,034)
CPS – Depreciation CCT	(13,416)	(11,548)
CPS - Biomass	(2,123)	(639)
Costs of services rendered	(3,734)	(2,807)
Other expenses	32	(213)
Recovery of PIS and COFINS	21,508	28,863
Total	**(650,193)**	**(472,540)**

	Consolidated	
	2019	2018
Selling expenses		
Freight port expenses and commissions	(41,920)	(40,379)
Personnel expenses	(2,143)	(2,280)
Depreciation and amortization	(1,219)	(1,081)
Other selling expenses	(8,346)	(4,544)
Total	**(53,628)**	**(48,284)**

	Consolidated	
	2019	2018
Administrative expenses		
Personnel expenses	(12,839)	(10,343)
Third-party services	(6,069)	(7,768)
Depreciation, amortization and depletion	(1,457)	(1,218)
Other administrative expenses	(4,507)	(216)
Total	**(24,872)**	**(19,545)**

30 Finance income (costs), net

	Consolidated	
	2019	**2018**
Finance costs:		
Interest on loans and financing	(79,641)	(67,192)
Tax on Financial Transactions (IOF)	(2,633)	(646)
Unrealized losses on derivative financial instruments:		
- Losses on fair value adjustment	(111,840)	(76,298)
- Effective losses - settlement of transactions	(9,776)	(50,902)
Foreign exchange differences, net	(146,379)	(43,874)
Other finance costs	(22,534)	(14,481)
Finance income:	**(372,803)**	**(253,393)**
Gains on derivative financial instruments:		
- Gains on fair value adjustment	115,478	89,426
- Effective gains - settlement of transactions	40,727	41,650
- Foreign exchange gains	101,041	42,181
Other finance income	14,034	12,975
	271,280	**186,232**
Finance income (costs), net	**(101,523)**	**(67,161)**

31 Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the income (loss) for the year attributed to the Group's common shareholders by the final number of common shares in the years, excluding treasury shares, if any.

Basic and diluted earnings or loss per share are equal, since there are no financial instruments or equity instruments that could potentially dilute the number of shares. The table below shows P&L data and the number of shares used to calculate basic and diluted earnings or loss per share:

	Individual and Consolidated	
	2019	**2018**
Basic and diluted earnings per share:		
Net income for year	18,832	89,886
Final number of shares for the year	**1,064,082,217**	**744,857,552**
Basic and diluted earnings per share (in reais)	0.01770	0.12068

32 Agreement commitments

Sale commitment

Subsidiaries Vale do Tijuco Açúcar e Álcool S/A and Vale do Pontal Açúcar e Álcool Ltda. are primarily engaged in the commodity market. Sales are substantially performed at the price of the transaction date. However, the subsidiaries have various agreements in the sugar market, through which they undertake to sell volumes of these products in future crops. Sugar sales commitments at March 31, 2019 in accordance with the crop schedule per producing unit are as follows:

Crop	Vale do Pontal	Vale do Tijuco	Total
19-20	-	268,399	**268,399**
20-21	45,000	160,000	**205,000**
21-22	45,000	155,000	**200,000**
22-23	45,000	155,000	**200,000**
Overall total	**135,000**	**738,399**	**873,399**

In addition, the subsidiaries have contracts entered into for the sale of anhydrous and hydrated ethanol in the volume of 21,911 cubic meters for the 2019/2020 crop.

At March 31, 2019, the balances of ethanol sales commitments, by crops, products and production unit are as follows:

Crop	Vale do Pontal	Vale do Tijuco	Total
Hydrated ethanol	798	1,889	**2,687**
Anhydrous ethanol	10,411	8,814	**19,225**
19-20	**11,209**	**10,703**	**21,912**

Sharecropping agreements

Subsidiaries Vale do Tijuco Açúcar e Álcool S/A and Vale do Pontal Açúcar e Álcool Ltda. have sharecropping agreements for the sugarcane cultivation, which have an average duration of 5 years. These agreements aim at ensuring part of its future production, which is estimated as follows:

- From 2018/2019 crop onwards - 87,111 tons per crop.

Payments related to these obligations are calculated on a straight-line basis, according to the agreements, taking into consideration the commitment to the share of the partner, which will be valued at prices to be fixed for each crop by the CONSECANA/SP system.

Operating lease agreement

Subsidiaries Vale do Tijuco Açúcar e Álcool S/A and Vale do Pontal Açúcar e Álcool Ltda. have land-related operating lease agreements for the sugarcane cultivation, which have an average duration of 5 years. Payments relating to these obligations are calculated on a straight-line basis, according to the agreements, and made on a monthly basis, or as provided for in each agreement. The expenses related to these agreements amount to R$3,530 per month until 2027.

33 Transactions with related parties

a. Company and ultimate parent company

The Company is a jointly controlled, through the execution of a shareholder agreement between IndoAgri Brazil Participações Ltda. and Ápia SP Participações S.A., according to the ownership structure stated in Note 23a.

b. Key management personnel compensation

Key management personnel comprises the Company's Executive Board and Annual General Meeting. Key management personnel compensation for the year ended March 31, 2019 as short-term benefits amounted to R$4,574 (R$3,929 at March 31, 2018), recorded in the general and administrative expenses group, and include salaries, bonuses, variable compensations and direct and fringe benefits.

The Company and its subsidiaries have no other type of compensation, such as post-employment benefits, other long-term benefits or employment termination benefits.

c. Significant balances and transactions

Transactions with related parties, other than purchase of raw materials, which are performed at market price, are carried out based on conditions negotiated between the Company and related parties, which could differ if performed with unrelated parties. Balances with related parties are as follows:

		Consolidated		Individual	
		2019	**2018**	**2019**	**2018**
Noncurrent assets					
Receivables from related parties (Note 11)					
Canápolis Açúcar e Álcool S/A	(a)	6,329	-	274	-
Vale do Pontal Açúcar e Álcool S/A	(e)	-	77,201	-	-
JFLIM Participações S/A	(e)	1,082	1,062	58	52
Other	(e)	3	3	-	-
Subtotal		**7,414**	**78,266**	**332**	**52**
Advances to sugarcane suppliers (Note 15)					
JF Citrus Agropecuária S/A		-	-	-	-
Marco Otavio Galvão	(b)	6,207	6,220	-	-
Subtotal		**6,207**	**6,220**	**-**	**-**
Total assets		**13,621**	**84,486**	**332**	**52**

		Consolidated		Individual	
		2019	**2018**	**2019**	**2018**
Liabilities					
Accounts payable to related parties (Note 18)	(c)				
Vale do Tijuco Açúcar e Álcool S/A		-	-	5,155	3,549
Vale do Pontal Açúcar e Álcool S/A		-	425	397	355
Other		-	49	-	-
Subtotal		**-**	**474**	**5,552**	**3,904**
Suppliers - related parties (Note 20)					
JF Citrus Agropecuária	(d)	989	-	-	-
Canápolis Açúcar e Álcool S/A	(f)	82	-	-	-
Other		-	-	-	-
Subtotal		**1,071**	**-**	**-**	**-**
Advances from customers - related parties (Note 21)					
JF Citrus Agropecuária	(d)	18,534	-	-	-
Subtotal		**18,534**	**-**	**-**	**-**
Total liabilities		**19,605**	**474**	**5,552**	**3,904**

		Consolidated		Individual	
		2018	**2017**	**2018**	**2017**
P&L					
Sale of agricultural inputs	(d)				
JF Citrus Agropecuária		527	-	-	-
Subtotal		**527**	**-**	**-**	**-**
Purchase of raw material (sugarcane)	(d)				
JF Citrus Agropecuária		-	14,353	-	-
Marco Otavio Galvão		3,985	1,761	-	-
Subtotal		**3,985**	**16,114**	**-**	**-**
Total		**4,512**	**16,114**	**-**	**-**

(a) Amount granted to Canápolis Açúcar e Álcool S/A, subject to interest, which will be settled by this subsidiary according to its cash availability.

(b) Amount granted to Marco Otávio Galvão, not subject to interest, which will be settled upon delivery of sugarcane, in the 2017/2018 crop.

(c) Amount granted by subsidiaries Vale do Tijuco and Vale do Pontal, not subject to interest, which will be settled by the Company according to its cash availability.

(d) Mr. Marco Otávio Galvão and JF Citrus Agropecuária Ltda. have sugarcane plantations near Vale do Tijuco Açúcar e Álcool S/A and, therefore, operate as regular sugarcane suppliers. They are characterized as related parties since they figure as shareholders of one of the Company's subsidiaries.

(e) Amount granted by subsidiaries Vale do Tijuco and Vale do Pontal, not subject to interest, which will be settled by the Company according to its cash availability.

(f) Amounts granted as inputs and materials for Canápolis Açúcar e Álcool S/A that operates as a regular supplier, which will be settled according to its cash availability.

The Company provides surety for its subsidiaries in loan and financing agreements, as stated in Note 18.

Subsidiary Vale do Tijuco Açúcar e Álcool S/A provides financial guarantees for the transactions of suppliers, as described in Note 25.

34 Insurance coverage

The Group's policy is to take out insurance coverage for assets subject to risks at amounts deemed sufficient to cover losses, if any, considering the nature of its activities.

At March 31, 2018, the Group has insurance coverage at amounts deemed sufficient by its management to cover losses, if any, which are described below:

Assets covered	Amount insured
Civil liability	15,000
Rural pledge	5,856
Vehicles	100% of FIPE table
Sundry machinery and equipment	35,524
Property	200,000

35 Environmental risks

The Group's facilities and industrial and agricultural activities are subject to environmental regulations. The Group reduces the risks associated with environmental matters through operating procedures and controls, with investments in pollution control equipment and systems that are technical/operational procedures, which have not been subject to analysis by the independent auditors, since they are non-financial items and as the Group understands that no provision for environmental-related losses is currently required, based on prevailing laws and regulations.

* * *

Board of Directors

Members

José Francisco de Fátima Santos
CEO

Luiz Gustavo Turchetto Santos
Hansjorg Suelzle
Moleonoto Tjang
Surjadi Tirtarahardia
Mark Julian Wakeford

Executive Board

Carlos Eduardo Turchetto Santos
Celso Oliveira
Jeferson Degaspari
Eduardo Scandiuzzi Lopes

Accountant

Anderson César Augusto Alves
CRC/SP nº 1SP206284/O-8

MANAGEMENT REPORT | CROP 2018/2019

Uberaba, June 27th of 2019

Dear Shareholders,
The Companhia Mineira de Açúcar e Álcool Participações (CMAA), a publicly-held company registered at CVM (category B), one of the largest players in ethanol, VHP sugar and bioelectricity in the state of Minas Gerais, presents the Management Report, annual Information and Independent Auditors' Report for the Crop 18/19 ended March 31, 2019 in accordance with CPCs and IFRS.

Message from Management

With VHP sugar prices remaining contracted in the international market, we maintained the strategic option of prioritizing ethanol in the production and sales mix. The demand and prices of ethanol remained firm, so we took the product mix to the limit, with the Vale do Pontal unit having operated 100% in ethanol production.

We also took advantage of a window of opportunity to increase the production and sale of electric energy that reached 316 thousand MWH compared to 280 thousand MWH in the previous Crop. The generation of energy in the Crop 2018/2019 also exceeded the estimated production budget of Vale do Tijuco, which was planned to generate 247 thousand MWH.

The Gross Revenue in the Crop 2018/2019t reached R$ 923.5 million, 19.6% higher than the amount recorded in the previous Crop, of R$ 772.1 million. Most of the evolution in the crop performance is related to the incorporation of Vale do Pontal unit into the consolidated results of the CMAA Group. In this sense, cost of goods sold, and operating expenses increased 37.6% and 3.7%, respectively. The Ebitda totaled R$ 330.5 million, 5.8% less than in the Crop 2017/2018.

We will continue to invest mainly in the expansion of cane planting, in order to achieve a higher level of installed capacity utilization. We will continue working towards maximum efficiency and profitability in our operations.

Features of the Crop 2018/2019

Crushing of 4,942.5 thousand ton of cane, **20.8% higher** than the volume crushed during the same period of the Crop 17/18 due to the incorporation of Usina Vale do Pontal in the CMAA Group as of July 1st of 2018. During the Crop was produced: 296 thousand ton of VHP sugar, 239 thousand m³ of ethanol and 316 thousand MWH of energy.

Gross Revenue of R$ 923.5 million, **19.6% higher** than the same period of the Crop 17/18, which was R$ 772.3 million.

EBITDA of R$ 330.5 million in the Crop 2018/19, with margin of **39.7%**.

Note.: Incorporation of the Vale do Pontal in the CMAA Group in the Crop 2018/19 as of July 1st of 2018.

About CMAA Group

The Companhia Mineira de Açúcar e Álcool Participações, headquartered in Uberaba / MG, is the parent company of Vale do Tijuco Açúcar e Álcool S / A. (Vale do Tijuco) and Vale do Pontal Açúcar e Álcool Ltda. (Vale do Pontal).

Both units are located in the region known as Triângulo Mineiro and produce VHP sugar, anhydrous ethanol, hydrous ethanol and energy, as well as by-products fusel oil and sugarcane bagasse.

The Vale do Tijuco company, whose operations began in April 2010, has a crushing capacity of approximately 4.5 million tons of sugarcane / crop. In Vale do Pontal, activities began in May 2016 and the company became part of the Group in July 2018. The crushing capacity is about 2.5 million tons of sugarcane / crop.

In the Crop 2018/19, the crushing in the CMAA Group totaled 4.9 million tons of sugarcane, producing 296 thousand tons of VHP sugar, 239 thousand m³ of ethanol and 316 thousand MWH of energy.

Operational & Financial Features

CMAA - CONSOLIDATED	2019	2018	Δ% 19/18
Gross Sales	923.5	772.1	19.6%
Net Sales	833.0	720.7	15.6%
COGS	-650.2	-472.5	37.6%
SG&A	-72.6	-70.0	3.7%
Depreciation and Amortizantion	220.3	172.6	27.6%
EBITDA	**330.5**	**350.7**	**-5.8%**
EBITDA Margin	*39.7%*	*48.7%*	*-9.0 p.p.*
Net Income	**18.8**	**89.9**	**-79.0%**

Note: *The EBITDA calculation includes depreciation, biological asset amortization, ratoon cane amortization, off-season expenses amortization and planting amortization.*

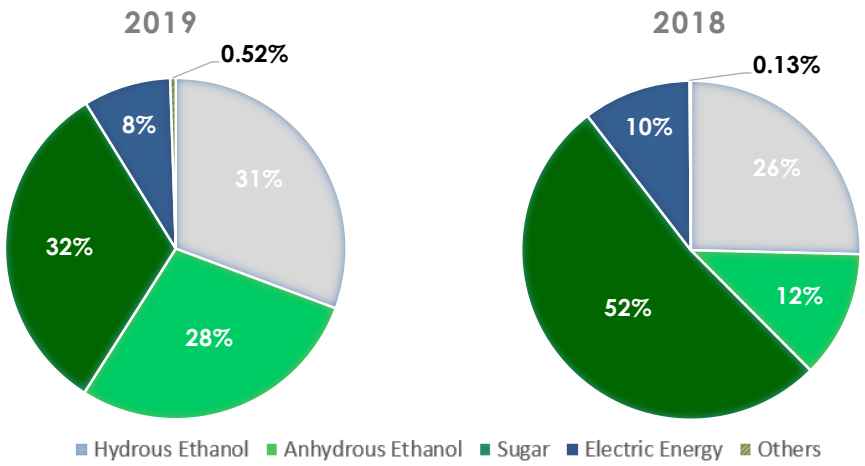
DRE - Pro forma	CMAA Consolidated	Vale do Pontal	Pro forma Total
Gross Sales	923.5	52.5	975.9
Net Sales	833.0	46.0	878.9
COGS	-650.2	-41.0	-691.2
SG&A	-72.6	-2.2	-74.8
Depreciation and Amortizantion	220.3	24.2	244.6
EBITDA	**330.5**	**27.0**	**357.5**
EBITDA Margin	*39.7%*	*58.7%*	*40.7%*
Net Income	**18.8**	**-2.4**	**16.4**

** CMAA Consolidated: The total of CMAA consolidated were considered for the period from Apr/18 to Mar/19, for the companies CMAA and Vale do Tijuco, and for Vale do Pontal were considered the data as of July 1st of 2018, date base of the contribution of the controlled company by CMAA.*

***Vale do Pontall: Values referring to the Pro-forma demonstration period for Vale do Pontal company was from Apr/18 to Jun/18, a period in which CMAA did not have control of the same.*

CMAA - CONSOLIDATED	2019	2018	Δ% 19/18
Crushing Sugar Cane (Thousand Tor	4,942	4,092	20.8%
Owner	2,054	1,981	3.7%
Third Parties	2,889	2,110	36.9%
Mechanized Harvesting	100%	100%	-
TRS (Kg/ton of cane)	136	139	-2.2%
Production			
Sugar (Thousand Tons)	296	315	-6.0%
Anhydrous Ethanol (Thousand m³)	115	61	88.5%
Hydrous Ethanol (Thousand m³)	125	93	34.4%
Electric Energy (Thousand Mwh)	316	280	12.9%
Sales			
Sugar (Thousand Tons)	294	316	-7.0%
Anhydrous Ethanol (Thousand m³)	131	49	167.3%
Hydrous Ethanol (Thousand m³)	141	104	35.6%
Electric Energy (Thousand Mwh)	310	274	13.1%
Inventory			
Sugar (Thousand Tons)	0.2	0.0	100.0%
Anhydrous Ethanol (Thousand m³)	3.8	7.8	-50.0%
Hydrous Ethanol (Thousand m³)	0.5	0.8	-100.0%

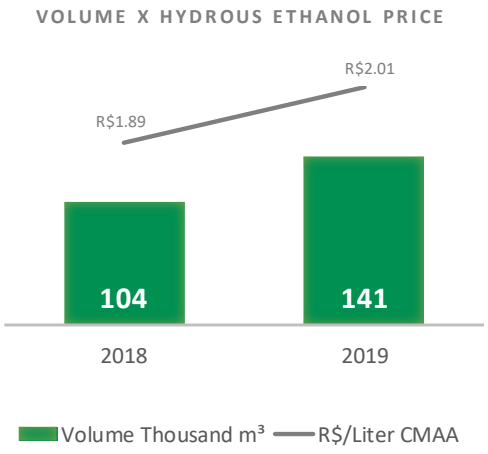
Revenue

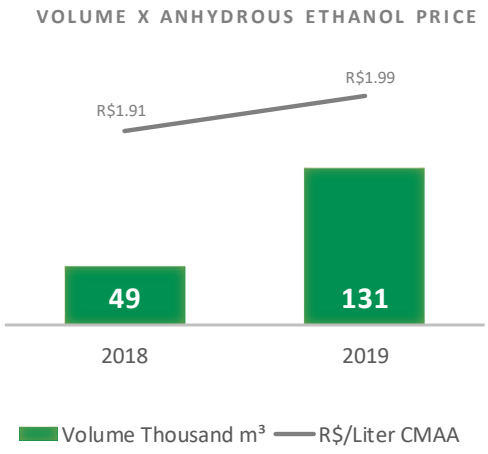


In the Crop 2018/2019, there was a 26.0% reduction in the gross revenue from VHP sugar, a performance offset by the increase of 178.1% in the gross revenue from anhydrous ethanol and 44.7% from hydrated ethanol. The Company prioritized the production of ethanol as a matter of conjuncture since sugar prices remain far from the peaks in 2016. In addition, the sale of electric energy presented a reduction of 3.8%, which, even with higher generation in the year, had an average price lower than that verified in the Crop 2017/2018.

GROSS SALES COMPOSITION	2019	2018	Δ% 19/18
Internal Market	**626,077**	**370,355**	**69.0%**
Hydrous Ethanol	283,467	195,911	44.7%
Anhydrous Ethanol	261,312	93,966	178.1%
Sugar	0	0	0.0%
Electric Energy	76,473	79,510	-3.8%
Others	4,825	968	398.3%
External Market	**297,415**	**401,776**	**-26.0%**
Sugar	297,415	401,776	-26.0%
Hydrous Ethanol	0	0	0.0%
Total Gross Sales	**923,492**	**772,131**	**19.6%**
Hydrous Ethanol	283,467	195,911	44.7%
Anhydrous Ethanol	261,312.2	93,966	178.1%
Sugar	297,414.5	401,776	-26.0%
Electric Energy	76,473.3	79,510	-3.8%
Others	4,825.0	968	398.3%

Ethanol





The production, consumption and sale of ethanol in Brazil reached another record. In the domestic market, the consumption of hydrated ethanol in the 2018/2019 harvest reached 20.9 billion liters, a 34.8% increase compared to the Crop 2017/2018. With the warmer market for ethanol and retracted VHP sugar prices, CMAA adjusted the production mix.

Cost of goods sold

COGS	2019	2018	Δ% 19/18
Sugar	264,954	257,976	2.7%
Ethanol	369,945	203,101	82.1%
Electric Energy	10,862	8,781	23.7%
Others	4,433	2,681	0.0%
Total COGS	**650,193**	**472,540**	**37.6%**
TRS Sold (Thousand Tons)	719	560	28.4%
Unit Cost (Sugar&Ethanol COGS/TRS)	883	823	7.3%

The 37.6% increase in the cost of goods sold in the year is basically due to a 28.4% increase in volumes sold. When the unit cost of sugar / ethanol is compared to the ATR sold, the growth is 7.3%.

Operational Expenses

Sales: The Company's sales expenses were R$ 53.6 million, 11.1% higher than in the Crop 2017/2018 due to the higher sales volume of VHP.

Administrative: An increase of 27.3% in administrative expenses compared to the Crop 2017/18, mainly due to the fact that some expenses related to the incorporation process of Vale do Pontal.

Sales Expenses	2019	2018	Δ% 19/18
Freight of transfers and sales	41,035	40,379	1.6%
Port Charges	162	148	9.8%
Comissions	723	344	109.9%
Personnel expenses	2,143	1,654	29.6%
Depreciation	1,219	1,081	12.8%
Rent	402	133	201.5%
Others Expenses	7,944	4,545	74.8%
Total	**53,628**	**48,284**	**11.1%**

Administrative Expenses	2019	2018	Δ% 19/18
Personnel expenses	12,839	10,343	24.1%
Outsourced Services	6,069	4,036	50.4%
Depreciation	1,456	1,196	21.7%
Rent	466	372	25.5%
Others	4,042	3,599	12.3%
Total	**24,872**	**19,545**	**27.3%**

Financial Results and Bank Indebtedness

Net Financial Results	2019	2018	Δ% 19/18
Financial Incomes	271,280	186,232	45.7%
Financial Expenses	-372,803	-253,393	47.1%
Total	**-101,523**	**-67,161**	**51.2%**

The net financial results were negative in R$ 101.5 million. The financial incomes increased from R$ 186.2 million in the Crop 2017/2018 to R$ 271.3 million in the Crop 2018/2019 since part of the funds raised between the periods was invested in the financial market (earnings of R$ 13.6 million), contributing to this increase. In the same period, the financial expenses increased from R$ 253.4 million to R$ 372.8 million, including R$ 9.2 million of interest on credit lines from BNDES/ subsidized lines and R$ 70.5 million of interest on working capital lines.

EXCHANGE VARIATION - 12M19	SWAP	Call	Other	Total
Settled Contracts and Interest	12,115	5,846	-4,049	13,912
Fair Value of active contracts and Interest	-20,534	-4,131	0	-24,665
Total	**-8,419**	**1,715**	**-4,049**	**-10,752**

In addition, we have impact of the Fx variation on the financial result of the Company due to hedge of the debt in USD dollar and VHP sugar pricing, since the USD Dollar went from 3.32 in 03/29/2018 to 3,90 in 03/29/2019.

FINANCIAL RESULTS BREAKDOWN	2019
Interest on BNDES / Subsidized credits line	-9,152
Interest on Working Capital Operations	-70,487
Exchange Variation	-10,752
Income of Investment	13,562
Others financial income/expenses	-24,693
Total	**-101,523**

BANK INDEBTEDNESS	2019	2018	Δ% 19/18
EPP	434,305	452,798	-4.1%
FINAME	70,037	97,680	-28.3%
Working Capital	295,755	173,573	70.4%
CRA	154,851	33,176	366.8%
Debentures	0	5,755	-100.0%
Deferred Expenses	-22,758	-14,064	61.8%
Gross Indebtedness	**932,190**	**748,918**	**24.5%**
Cash	385,969	247,566	55.9%
Net Indebtedness	**546,221**	**501,352**	**8.9%**
Social Capital	379,239	303,364	25.0%
Index (Net Indebtedness/Social Capital)	**1.44**	**1.65**	**-12.7%**

Independent Auditors – CVM Instruction 381/03

In accordance with CVM Instruction nº 381, the Company announced that its independent auditors, Ernst & Young Auditores Independentes, have not provided during last three months of 2019, ended March 31st of 2019, other services than those related to external audit.

The Company's policy on contracting other services, other than external audit of its Financial Statements, ensures that there is no conflict of interest or loss of independence of the auditors.

Declaration of Directors on the Financial Statements of the Crop 2018/19 and the Auditors' Opinion

The Directors declare that reviewed, discussed and agreed with the Annual Information of the Crop 2018/19 and with the conclusions expressed in the report of the independent auditors, in accordance with Article 25 of CVM Instruction 480/09.

Uberaba, June 14th of 2019

Carlos Eduardo Turchetto Santos - Chief Executive Officer - CEO

Jeferson Degaspari - Finance and Administrative Director - CFO

Celso Oliveira – Industrial Director

Eduardo Scandiuzzi Lopes – Agricultural Director