STRONG REVENUE AND ADJUSTED EBITDA GROWTH IN 1Q14

São Paulo, August 13, 2013 – Biosev, a world leader in the sugar and ethanol industry and the second largest producer of renewable energy from biomass in Brazil, presents its results for the first quarter of the 13/14 crop year.

HIGHLIGHTS

Financial

- Net Revenue of R$ 1.1 billion, up 18.7%;
- Adjusted EBITDA of R$220.3 million, up 20.6% vs. 1Q13;
- Improvement in unit cash costs of 8.5% to R$515/metric ton of TRS in 1Q14.

Highlights (R$ thousand)	1Q14	1Q13	%
Net Revenue	**1,065,208**	**897,421**	**18.7%**
COGS	(1,029,567)	(876,442)	17.5%
Gross Profit	**35,641**	**20,979**	**69.9%**
Gross Margin	*3.3%*	*2.3%*	*100 bps*
Net Income (loss)	**(325,811)**	**(351,577)**	**-7.3%**
Net Margin	*-30.6%*	*-39.2%*	*860 bps*
EBITDA	**43,864**	**42,925**	**2.2%**
EBITDA Margin	*4.1%*	*4.8%*	*-70 bps*
Adjusted EBITDA	**220,269**	**182,639**	**20.6%**
Adjusted EBITDA Margin	*20.7%*	*20.4%*	*30 bps*

Harvest/Production

- Crushing volume of 9.2 million metric tons, up 52.9% from 1Q13;
- Increase of 62.7% in sugar and ethanol production in metric tons of TRS vs 1Q13;
- Improvement of 5.7% in TCH-agricultural yield on the same quarter a year earlier.

Others

- Successful completion of the IPO on BM&FBovespa, with shares commencing trading on April 19;
- Startup of the Passa Tempo Thermal Power Plant in May, increasing the volume of energy generated by the company;
- 30.0% increase in sales volume compared to 1Q13, mainly due to the higher volume of ethanol exports.

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MESSAGE FROM MANAGEMENT

Biosev has started off the 2013/14 crop year and its life as a publicly-traded company on a strong note, with double-digit growth in both revenues and adjusted EBITDA and 63% growth in sugar and ethanol production in the first quarter. These solid numbers reflect the soundness of Biosev's business model, based on operating flexibility, investments to increase capacity utilization and sound risk management.

The investments we carried out to renovate our cane plantations and crushing began in April, allowed us to process 9.2 million metric tons in the quarter, a 53% rise over the prior crop year.

The gradual ramp-up in our capacity utilization supported by our fill-up strategy and our cost-reduction projects have had substantial impacts on our results. With a fixed costs dilution and gains in operating efficiency, our unit cash costs fell in the first quarter, but the pace of fixed-cost dilution will slow in the coming quarters due to adverse weather conditions.

Disciplined application of our risk management policy and the quality of our market information allowed us to mitigate the effects of the drop in sugar prices we observed at the start of the crop year. We effectively hedged our net exposure at prices above the market during the period, enabling us to optimize margins.

In May 2013, we started operations at the Passa Tempo Thermal Power Plant, allowing us to increase the volume of energy generated by the company. The plant, which represented an investment of R$163 million, has installed capacity to export 50 MW of electricity. Part of this surplus power was sold in a public auction for supply between 2014 and 2023. The generation of electricity from biomass not only represents a renewable source of energy, but also provides the company with additional income.

This past quarter was also marked by the initial public offering we launched in April, with trading in our shares on the BM&FBovespa - Securities, Commodities and Futures Exchange in a pioneering transaction for Brazilian capital markets. The offering represents yet another important step in our growth strategy and puts us in a better position to capture new opportunities and add value to our business. We thank our shareholders for the trust deposited in the company.

This good start of the year has unfortunately been negatively impacted by subsequent one-off climate events : the combination of frost in Mato Grosso do Sul, where we have three plants and 100,000 hectares of plantations, and drought in the Northeast, where we have two plants and 40,000 hectares has led us to revise our expectations for crushing in this crop from 33 million tons previously to between 28,7 million tons and 30,1 million tons, roughly in line with the previous year. These events linked to the weather will cause some delay in our intended fill-up strategy. But Biosev has reacted swiftly and will increase its efforts to improve its sugarcane productivity and cost control to mitigate their impact.

With a sound business model and a highly committed staff, Biosev is well positioned to continue growing and further consolidate its prominent position in the industry.

Christophe Akli

Chief Executive Officer

Operating Performance

Production Data

Processing and Yield – In 1Q14, cane crushing volume amounted to 9.2 million metric tons, up 52.9% vs. 1Q13. Crushing began in April, given the higher supply of cane available. The investments in renovating our sugarcane plantations led to higher cane yields, with a 5.7% increase in TCH in 1Q14.

Of the total volume crushed, 64.0% correspond to own cane in 1Q14, compared to 67.9% in 1Q13. Production in metric tons of TRS grew 62.7% from 1Q13. Some 55% of this TRS was used to produce ethanol, but the mix for the remainder of the crop year has not yet been determined.

Except for mills in the country's Northeast, which are currently in the intercrop period, crushing has already started at the other mills.

Quality – Harvest mechanization increased 410 bps from 1Q13 to reach 94.1%, as a result of the regular investments made in increasing agricultural efficiency. The TRS content of the cane decreased 1.5% from 1Q13 to close the quarter at 118.2 kg/metric ton, which is partially explained by the early start of the 13/14 crop compared to the 12/13 crop.

Production	1Q14	1Q13	%
Crushing ('000 tons)	**9,224**	**6,031**	**52.9%**
Own	5,906	4,098	44.1%
Third Parties	3,318	1,933	71.7%
Sugarcane TRS (kg/ton)	118.2	120.0	-1.5%
Mechanization (%)[1]	94.1%	90.0%	*410 bps*
TCH - Agricultural yield (ton/ha)	80.5	76.2	5.7%
Production ('000 tons)[2]	**1,092**	**672**	**62.7%**
Sugar ('000 tons)	469	355	32.2%
Ethanol ('000 m³)	351	176	99.6%

[1] Cane on the track. [2] Amounts in tons of TRS. It considers the conversion factors applied in São Paulo State, published in Consecana Manual.

Sales Data

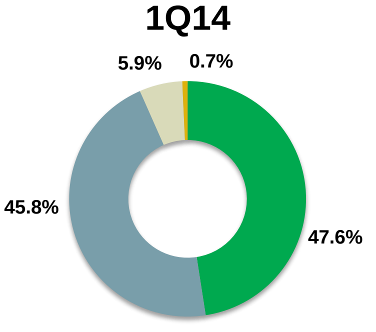
Sales volume rose 26.1% to 1,176 thousand metric tons of TRS in the first quarter of the 13/14 crop year, due to the significantly higher crushing volume. Net revenue was R$1.1 billion, increasing 18.7% from the prior-year quarter, driven mainly by the growth in ethanol export volume.

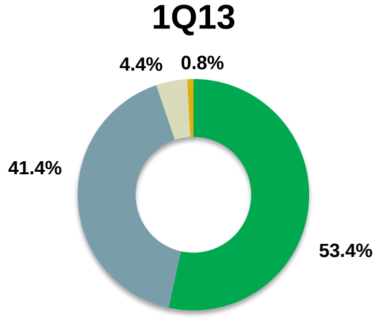
Ethanol accounted for 45.8% of Net Revenue in 1Q14, up 440 bps on 1Q13, due primarily to the higher sales volume. Electricity sales also increased their contribution to net revenue by 150 bps, from 4.4% in 1Q13 to 5.9% in 1Q14.

Volumes	1Q14	1Q13	%
Sugar (`000 tons)	**532**	**409**	**30.0%**
Domestic Market	127	119	6.5%
Export Market	405	290	39.6%
Ethanol (`000 m^3)	**362**	**293**	**23.3%**
Domestic Market	256	264	-3.1%
Export Market	106	29	262.9%
Energy (thousand MW/h)	**362**	**255**	**42.2%**
Total in TRS Product (`000 tons)[1]	**1,176**	**932**	**26.1%**

[1] Values in tons of TRS. It considers the conversion factors applied in São Paulo State, published in Consecana Manual.

Net Revenue (R$ Thousand)	1Q14	1Q13	%
Sugar	**506,514**	**479,517**	**5.6%**
Domestic Market	121,019	116,583	3.8%
Export Market	385,495	362,934	6.2%
Ethanol	**488,364**	**371,226**	**31.6%**
Domestic Market	340,910	331,534	2.8%
Export Market	147,454	39,692	271.5%
Energy	**62,681**	**39,092**	**60.3%**
Other Products	**7,649**	**7,586**	**0.8%**
Total	**1,065,208**	**897,421**	**18.7%**



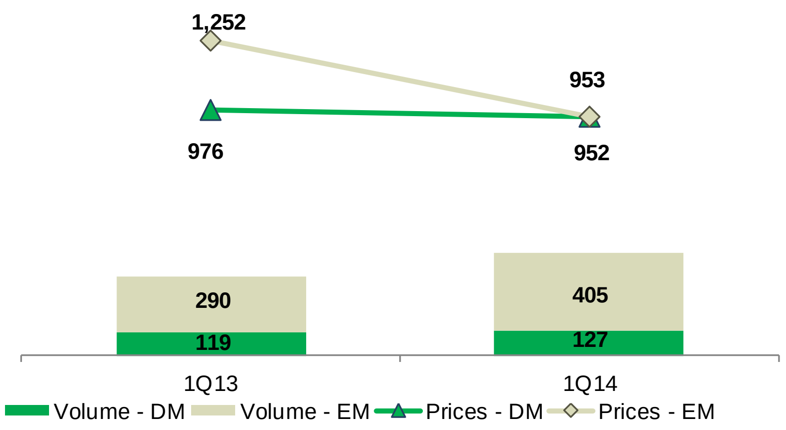


Sugar Sales

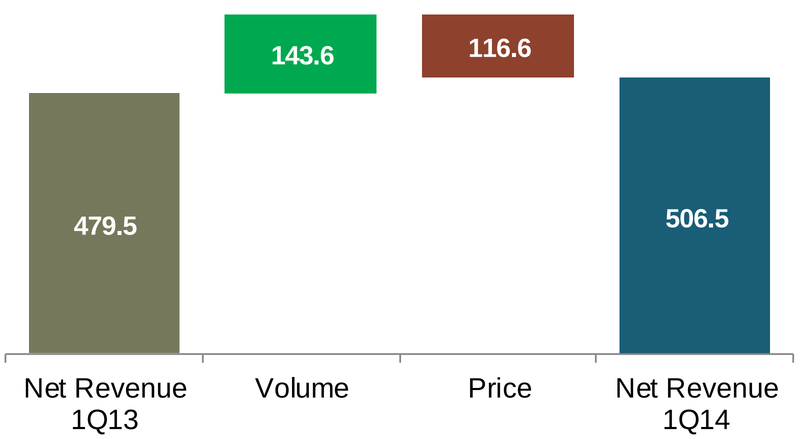
Net operating revenue from sugar was R$506.5 million in 1Q14, up 5.6% from the year-ago period. This increase was mainly fueled by the 30.0% growth in sales volumes, which was partially offset by the 18.7% decrease in the average sales price.

As a result of the better price-hedging strategy, as well as an increase in exports sales volume (76.1% of total volume), our average prices registered above-market prices.

Sugar
Sales Volume ('000 metric tons) and Average Sales Price (R$/metric ton)



Sugar
Change in NOR[1] 1Q14 vs. 1Q13 (R$ million)



[1] Net Operating Revenue

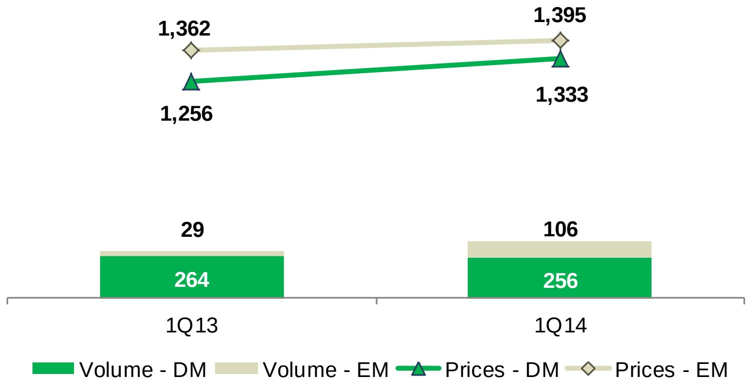
Ethanol Sales

Net operating revenue from ethanol was R$488.4 million in the first quarter of the 13/14 crop year, increasing 31.6% on the same period of the previous crop year, reflecting higher sales volume and better prices in 1Q14.

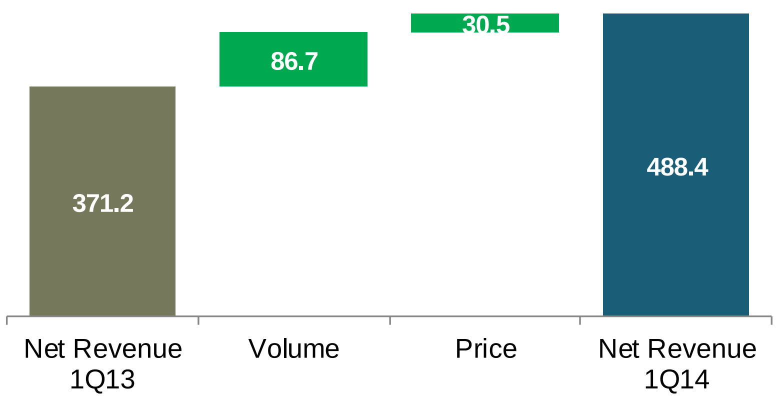
Ethanol sales volume increased 23.3% from 1Q13 to reach 362 thousand m³, driven primarily by the 262.9% growth in export sales volume. The depreciation in the Brazilian real against the U.S. dollar also contributed to the bulk of sales volume being directed to the export market.

Given the expected drop in prices in the period, we directed most of our sales to export markets, where we locked-in prices and captured higher premiums than in the domestic market.

Ethanol
Sales Volume ('000 m³) and Average Sales Price (R$/ m³)



Ethanol
Change in NOR 1Q14 vs. 1Q13 (R$ million)



Energy

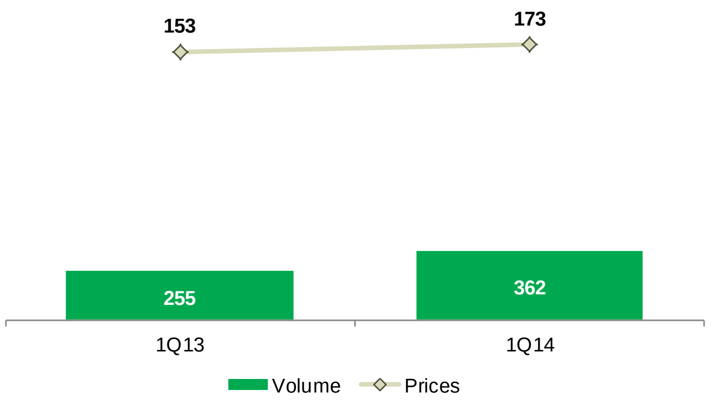
Our 12 industrial units currently in operation are energy self-sufficient during the harvest period, with nine of them also producing surplus energy for sale.

In 1Q14, revenue from energy sales was R$62.7 million, up 60.3% from the year-ago period, reflecting the higher sales volume.

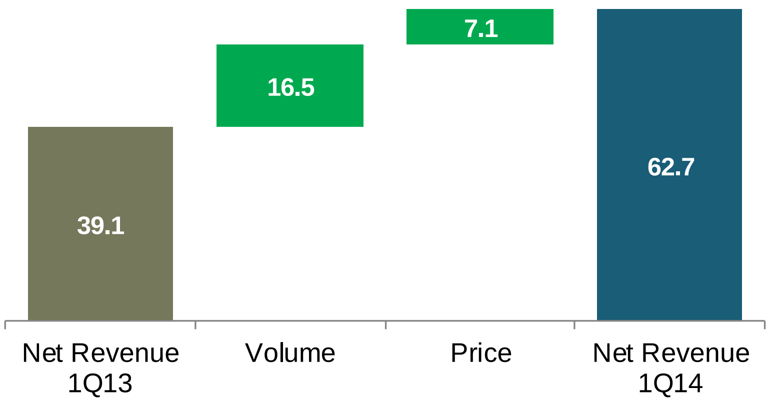
Total energy sales amounted to 362 thousand MWh in 1Q14, or 42.2% more than the 255 thousand MWh sold in 1Q13. Part of this increase was due to the startup of the Passa Tempo Thermal Power Plant in Mato Grosso do Sul in May, which boosted the volume of energy generated by the group.

Although most of the energy produced by our plants is already contracted at fixed prices, the increase in spot energy prices in 1Q14, caused by the low reservoir levels at hydroelectric plants, helped boost this revenue.

Energy
Sales Volume ('000MWh) and Average Sales Price (R$/MWh)



Energy
Change in NOR 1Q14 vs. 1Q13 (R$ million)



Other Products and Services

We also sell cane byproducts, such as dry yeast, powdered molasses, raw and hydrolyzed bagasse, for use in animal feed and other inputs.

Inventories

Sugar inventories at the end of 1Q14 stood at 134 thousand metric tons, up 9.3% on the prior quarter, while ethanol inventories grew 2.7% from 1Q13.

Based on our expectations of higher production and lower prices for the 13/14 crop year, we kept our carryover inventory low.

Inventories[1]	Volumes			R$ Thousands		
	1Q14	1Q13	%	1Q14	1Q13	%
Sugar ('000 tons)	134	123	9.3%	94,197	85,647	10.0%
Etanol ('000 m³)	116	113	2.7%	143,597	112,536	27.6%

[1] Inventories at cost price (it considers provision for negative margin)

Cost of Goods Sold

We observed an improvement in unit cash costs, which decreased 1.7% on 1Q14 in R$616/metric ton of TRS. Excluding the effects of costs with products for resale, we observed a reduction of 8.5% in unit cash costs per metric ton of TRS, with approximately 60% of this reduction corresponding to operating efficiency gains and the higher dilution of fixed costs.

Total costs ended the quarter at R$1.0 billion, up 17.5% on the same quarter last year. The main factors impacting costs in the period were:

(i) the higher processing and sale volumes in 1Q14 compared to 1Q13, leading to higher variable costs and fixed costs dilution;

(ii) raw material costs , which are essentially variable, only increased 14.0%, thanks to an offseting in the TRS price;

(iii) the increase in amortization of planting and crop treatments to R$156.0 million, reflecting the higher crushing volume in the quarter;

(iv) the increase in personnel costs of only 4.4%, due to operating efficiency gains;

(v) the 62.2% increase in products for resale in the quarter to R$243.4 million, compared to R$150.0 million in 1Q13, which is mainly due to the higher volume of finished goods acquired in the market.

COGS - Breakdown by Nature (R$ Thousand)	1Q14	1Q13	%
Planting Amortization	(76,323)	(62,430)	22.3%
Treatment Amortization	(79,695)	(65,285)	22.1%
Personnel	(126,055)	(120,707)	4.4%
Depreciation and Amortization	(149,351)	(144,815)	3.1%
Raw material and inputs, Net	(598,644)	(463,718)	29.1%
Raw Materials	(307,756)	(270,026)	14.0%
Inputs	(47,509)	(43,658)	8.8%
Products for resale	(243,379)	(150,034)	62.2%
	(1,030,068)	**(856,955)**	20.2%
Fair Value Biological Assets (Realized)	501	(19,487)	-
Total Costs	**(1,029,567)**	**(876,442)**	**17.5%**
Unit Cost (Cash)[1] R$/Ton	***(616)***	***(627)***	***-1.7%***
Unit Cost (Cash)[1] w/o Cost and Volume of Products for resale (R$/Ton)	***(515)***	***(562)***	***-8.5%***

[1]Personnel Cost + Raw material and Inputs Cost, net of taxes.

Selling, General and Administrative Expenses

In 1Q14, selling, general and administrative expenses amounted to R$136.0 million, up 8.4% from the same quarter last year. The increase was led by the 24.9% increase in selling expenses (Freight + Shipping Charges) to R$53.8 million in 1Q14, reflecting the higher sugar and ethanol export volumes at the start of this crop year. Personnel and outsourcing expenses followed the variation in inflation indices in the period.

Selling, General and Administrative Expenses (R$ Thousand)	1Q14	1Q13	%
Personnel	(32,193)	(35,245)	-8.7%
Depreciation	(8,704)	(8,989)	-3.2%
Freight	(45,041)	(27,646)	62.9%
Services	(31,392)	(29,320)	7.1%
Shipping Charges	(8,721)	(15,400)	-43.4%
Others	(9,940)	(8,867)	12.1%
Total Expenses	**(135,991)**	**(125,467)**	**8.4%**
Total Expenses (Cash)	**(127,287)**	**(116,478)**	**9.3%**

Adjusted EBITDA and EBITDA

Our EBITDA[2] corresponds to earnings before net financial income (expenses); depreciation, amortization and depletion, except amortization of crop treatments; and income and social contribution taxes on the profit or loss for the period. Our Management uses, among other metrics, EBITDA as a measure of our operating and free cash flow performance.

We adjust the calculation of EBITDA ("Adjusted EBITDA") by eliminating the effects from amortization of crop treatments; gains (losses) on changes in fair value less the estimated cost of sales of realized and unrealized biological assets; and non-recurring income (expenses)[3].

Adjusted EBITDA

In 1Q14, Adjusted EBITDA amounted to R$220.3 million, increasing 20.6% from 1Q13. This was driven by:

(i) A 52.9% increase in crushing volume and a 26.1% increase in sales volume in tons of TRS, which generated operational leverage gains;

(ii) Net Revenue growth of 18.7% compared to 1Q13, mainly due to the higher sales volume;

(iii) A 1.7% reduction in unit cash costs due to the decrease in TRS price, as well as operating efficiency gains and higher dilution of fixed costs, which were offset by the higher costs of resale goods;

(iv) Income of R$5.8 million in the line Other Operating Income/Expenses in 1Q14, compared to the expense of R$24.2 million in the same period a year earlier, which mainly reflects the gains from the reversal of provisions for labor claims.

EBITDA

In 1Q14, EBITDA amounted to R$43.9 million, increasing 2.2% from the same quarter a year earlier.

[2] EBITDA is not a measure for financial performance in accordance with accounting practices adopted in Brazil (BR GAAP, IFRS) and should not be considered singly, as an alternative to net income, as an indicator of operating performance, as an alternative for operational cash flow or as a measure of liquidity. EBITDA does not consider certain costs, which could affect significantly our profits, such as financial expenses, taxes, depreciation and amortization.

[3] Non-recurring items resulting from one-off events that do not tend to repeat in other periods and therefore do not reflect the typical results of the company's operation.

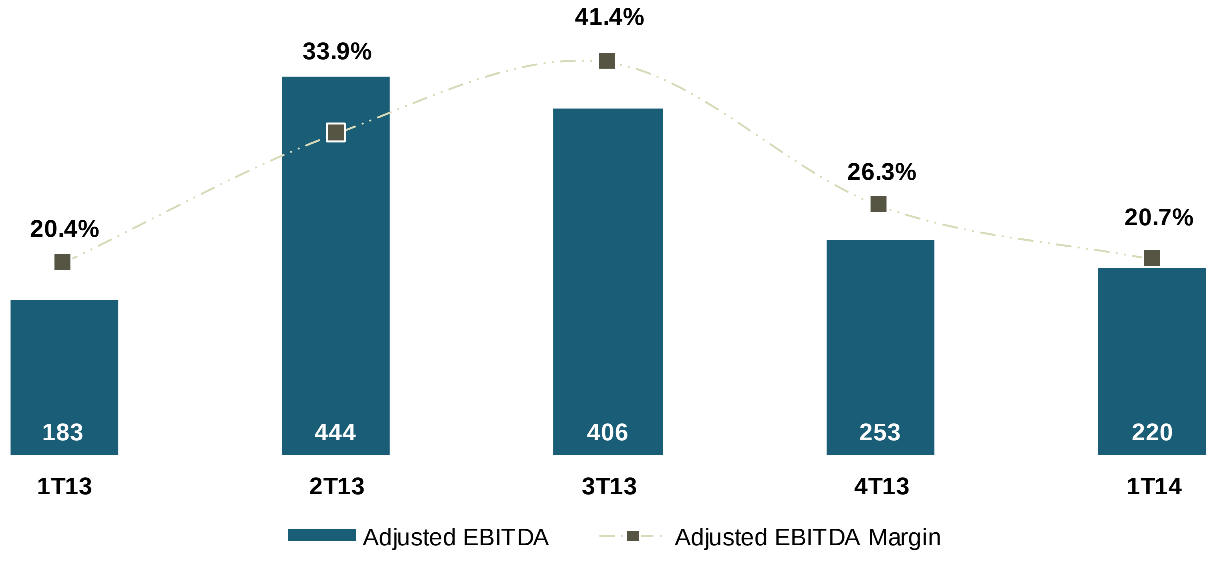
EBITDA Composition (R$ Thousand)	1Q14	1Q13	%
Net Revenue	**1,065,208**	**897,421**	**18.7%**
Unit Net Revenue (R$/Ton)	*906*	*963*	*-5.9%*
Cash COGS²	**(724,699)**	**(584,425)**	**24.0%**
Unit Cash COGS (R$/ton)	*(616)*	*(627)*	*-1.7%*
Cash SG&A	(127,287)	(116,478)	9.3%
Equity Methods²	1,289	351	267.2%
Others Operating Revenue/Expenses	5,758	(24,184)	-
Non-recurring items	-	9,954	-
Adjusted EBITDA	**220,269**	**182,639**	**20.6%**
Adjusted EBITDA Margin	***20.7%***	***20.4%***	***30 bps***
Unit Adj. EBITDA (R$/Ton)	*187.32*	*195.91*	*-4.4%*
Treatment Amortization	(79,695)	(65,285)	22.1%
Earnings (Losses) decurring of fair value changes minus estimated costs for selling bio assets (Realized and Unrealized)	(96,710)	(64,475)	50.0%
Non-recurring items	-	(9,954)	-
EBITDA	**43,864**	**42,925**	**2.2%**
EBITDA Margin	*4.1%*	*4.8%*	*-70 bps*

[1] Tons of ATR Product.²Considers personnel costs and costs with raw material and inputs, net ³Disconsidering R$2.1 million referring to the PPA (Purchase Price Allocation) of Guarujá Sugar Terminal

EBITDA Conciliation (R$ Thousand)	1Q14	1Q13	%
NET INCOME	**(325,811)**	**(351,577)**	**-7.3%**
Financial income	(303,987)	(183,701)	65.5%
Financial expenses	408,747	378,489	8.0%
FX variation	137,028	134,562	1.8%
Depreciation and Amortization	234,378	216,234	8.4%
Equity Methods[1]	2,100	2,799	-25.0%
Income Tax and Social Contribution	(108,591)	(153,881)	-29.4%
EBITDA	**43,864**	**42,925**	**2.2%**
EBITDA Margin	*4.1%*	*4.8%*	*-70 bps*
Treatment Amortization	79,695	65,285	22.1%
Earnings (Losses) decurring of fair value changes minus estimated costs for selling bio assets (Realized)	96,710	64,475	50.0%
Non-recurring items	-	9,954	-
Adjusted EBITDA	**220,269**	**182,639**	**20.6%**
Adjusted EBITDA Margin	***20.7%***	***20.4%***	***30 bps***

[1]For the EBITDA composition we only consider R$2.1 million related to PPA (Purchase Price Allocation) of Guarujá Sugar Terminal

Evolution of Adjusted EBITDA[4] (R$ million)



[4] 1Q13, 2Q13 and 3Q13 include the net effect of R$7.0 million spread over the three quarters related to the PPA (process to allocate the acquisition cost of an entity to the acquired assets and liabilities assumed, assessed at their fair value) for the Guarujá Sugar Terminal.

Hedge

In January 2010, we adopted the accounting practice known as Hedge Accounting – Natural Hedge. This practice consists of using non-derivative financial instruments by designating part of the dollar-denominated debt to cover exchange variation risks in order to protect the Company's future exports, recognizing the result of the hedge instrument (exchange variation) simultaneously with the recognition of the effects of the hedged item (Exports) on the income statement for the period.

As of January 2012, we adopted Hedge Accounting for transactions involving commodity and currency derivatives ("Hedge Accounting – Derivatives"). This new practice affects the net financial result, since the effective portion of currency and commodity hedges is deferred in an equity account for allocation to the operational result at the time of the realization of the hedged item.

The following table shows our total hedged volume and sugar price positions at the end of the first quarter of the 13/14 crop year:

Hedge Operations on 6/30/13	**Crop**	
Sugar	**13/14[1]**	**14/15**
NY11		
Volume ('000 tons)	1,590	815
Average Price (cUS$/lb)	20.90	18.85
Exchange Rate		
US$		
Volume (US$ million)	444	279
Average Price (R$/US$)	2.0971	2.2469

[1] Volumes and prices refer to the net sugar exposure, excluding the hedged volume based on the Consecana price impact on third-party cane and land leasing costs.

According to our policy, we increased its hedges for the coming crop, in order to secure its future cash flows, while capturing margins in the high premiums of forward sugar prices related to ethanol prices. As a result, Biosev increased its hedge exposure by approximately 903 thousand metric tons during the quarter.

Financial Result

In 1Q14, the financial result was an expense of R$241.8 million, improving 26.6% from the expense of R$329.3 million recorded in 1Q13. This variation is mainly due to the following:

(i) the reduction in interest expenses, which mainly reflects the lower balance of gross debt;

(ii) the increase in interest income, which mainly reflects the higher balance of cash and equivalents in the quarter (R$1.0 billion in 1Q14, compared to R$300.3 million in 1Q13);

(iii) the lower expenses with derivatives.

Financial Income (Expense)

Our financial income (expense) derives from the interest expenses on our debt and the interest income on our financial investments. Income (expense) from transactions involving currency, commodity and interest rate (Swap Libor) derivative (hedge) instruments carried out in accordance with our risk management policy are also recorded as financial income (expense), except for the portion corresponding to the derivative instruments designated as hedge accounting.

The main factors impacting our net financial result in the first quarter of the 13/14 crop year were:

(i) the expenses with derivatives of R$15.5 million, which decreased 81.2% from the R$82.2 million expense recorded in 1Q13;

(ii) net interest expenses[5] of R$88.2 million in 1Q14, down 17.7% from the same quarter last year, primarily due to the lower amount of debt and higher amount of short-term investments.

Exchange Variation

In 1Q14, the net effects of exchange variation generated a noncash loss of R$137.0 million, up 1.8% from the year-ago period. This noncash variation is offset by the positive variation that is part of the adjustment to the fair value of Biological Assets in the period. The decline in sugar and ethanol prices adversely affected the value of our biological assets, which, however, was positively affected by the appreciation in the U.S. dollar against the local currency.

[5] Summary of the accounting lines: Interest Income, Interest Payable and Interest Paid.

Financial Result (R$ Thousand)	1Q14	1Q13	%
Derivative transactions	(15.484)	(82.229)	-81,2%
Commodities	4.055	3.375	20,1%
Currency	(11.595)	(76.511)	-84,8%
Sw ap Libor	(7.944)	(9.093)	-12,6%
Income from fixed-income investments	17.790	2.538	600,9%
Interests Earned	1.717	26.026	-93,4%
Interests Paid	(107.696)	(135.740)	-20,7%
Others Revenues/Expenses	(1.087)	(5.383)	-79,8%
	(104.760)	**(194.788)**	**-46,2%**
FX Variation	(137.028)	(134.562)	1,8%
Financial Result, Net	**(241.788)**	**(329.350)**	**-26,6%**

LOSS FOR THE PERIOD

We ended the quarter with a net loss of R$325.8 million, which represents an improvement of 7.3% from the net loss of R$351.6 million recorded in 1Q13.

The impact from the frost in our cane fields in MS Cluster and from the drought in our cane fields in NE Cluster, is already reflected in the results of 1Q14, in the losses decurring of fair value changes minus estimated costs for selling biological assets (non-realized), a negative impact of R$216.9 million (or R$ 143.2 million after taxes).

Excluding this negative effect in the fair value of the biological asset, the result in the period would be R$182.6 million, improving 48.1% from R$351.6 million in 1Q13.

CAPITAL EXPENDITURE

In 1Q14, total cash capex amounted to R$239.4 million, decreasing 33.3% from 1Q13. The main variations in capex are described below:

(i) Total investments in our biological assets (Planting and Treatment) amounted to R$140.4 million, increasing 11.2% from the first quarter of the 12/13 crop year. This variation was mainly due to the 36.3% expansion in planted area in the period, which was offset by, among other factors, the 29.4% decrease in unit costs from the year-ago period.

(ii) Capex on agricultural infrastructure amounted to R$17.3 million in the first quarter of the 13/14 crop year, down 67.2% from the prior-year quarter. The higher amounts in 1Q13 are explained by the acquisition of harvesters, planters and agricultural transshipment equipment related to the mechanization process.

(iii) The reduction of 35.6% in industrial capex, given the high expenditure in the first quarter of the 12/13 crop year on the Passa Tempo Plant under the Thermal Power Plant Project. The project was concluded in May 2013 with cogeneration capacity of 50MW of surplus energy.

(iv) Since crushing started earlier in the 13/14 crop year, intercrop maintenance costs decreased by 68.5% from the previous crop year, when the harvest began in mid-May.

Capex	1Q14	1Q13	%
Investment	**19,836**	**64,686**	**-69.3%**
Industrial	17,012	39,935	-57.4%
Agriculture	-	22,137	-
IT	555	1,223	-54.6%
Planting	2,269	1,391	63.1%
Maintenance	**226,239**	**321,508**	**-29.6%**
Industrial	20,985	19,078	10.0%
Agriculture	17,341	30,771	-43.6%
Planting	69,938	72,850	-4.0%
Treatment	68,168	51,957	31.2%
Intercrop maintenance costs	34,998	111,219	-68.5%
Others	14,809	35,633	-58.4%
Capex Total (w/ Deprec)	**246,075**	**386,194**	**-36.3%**
Depreciation	**(6,657)**	**(27,010)**	**-75.4%**
Intercrop maintenance costs	(3,117)	(23,271)	-86.6%
Planting	(1,600)	(1,786)	-10.4%
Treatment	(1,940)	(1,953)	-0.7%
Capex Total (w/o Deprec)	**239,418**	**359,184**	**-33.3%**

DEBT

At the end of 1Q14, gross debt stood at R$4.7 billion, of which 73.6% was related to long-term borrowings and financing. This amount was 10.1% lower than the gross debt of R$5.2 billion reported at the close of the fiscal year on March 31, 2013. Our total cash (cash and cash equivalents and short-term investments) amounted to R$1.0 billion at the end of the first quarter, compared to R$1.4 billion at the close of 4Q13. Net debt ended the period at R$3.7 billion, down 4.9% from R$3.9 billion at the close of 4Q13. Our dollar-denominated debt increased by R$303.6 million due to the exchange variation in the quarter.

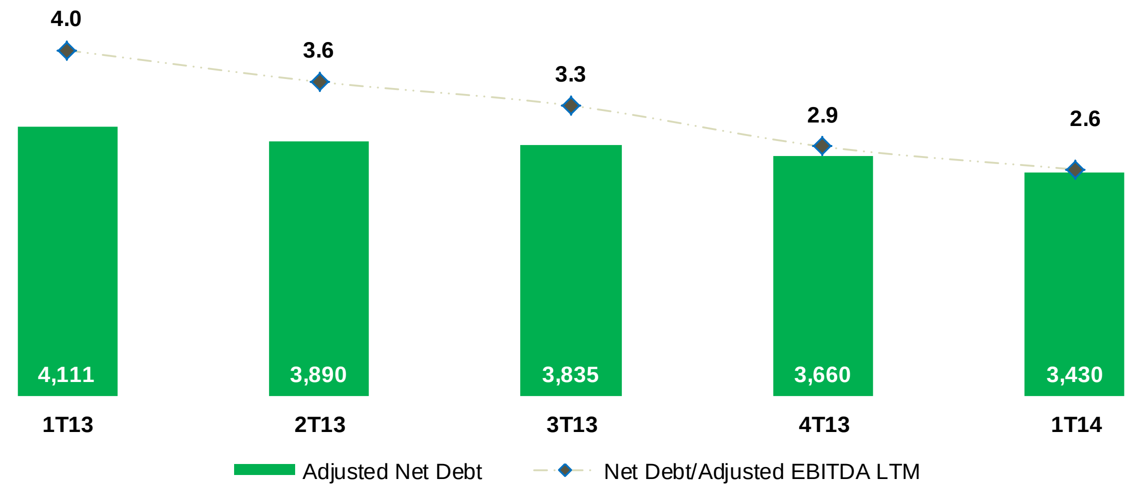
Of the total debt at June 30, 2013 and at the end of the last fiscal year, 65.3% and 66.4%, respectively, corresponded to borrowings and financing denominated in U.S. dollar. Of these amounts, 61.0% and 59.2%, respectively, were designated as hedge instruments for future exports ("Hedge Accounting – Natural Hedge"). Therefore, a portion of exchange variation is deferred in an equity account to be subsequently allocated to the operating results at the time of the realization of the hedged item (upon export).

The Adjusted Debt Ratio[6] ended the quarter at 2.6x Adjusted EBITDA, showing a sequential decline on a quarterly basis since 1Q13. Excluding the effect of exchange variation in the quarter, the pro-forma Debt Ratio was 2.4x Adjusted EBITDA. The improvement reflects the efforts undertaken between February and April 2013 to strengthen the Company's capital structure, including the private capital increase, the sale of biological assets of the São Carlos mill and the proceeds raised through the IPO.

[6] Net Debt over LTM Adjusted EBITDA

Debt - R$ Million	6/30/13 Short-Term	6/30/13 Long-Term	6/30/13 Total	3/31/13 Total	Var. %
Local Currency	(288)	(1,341)	(1,629)	(1,757)	-7.3%
Foreign Currency	(953)	(2,113)	(3,066)	(3,465)	-11.5%
Gross Debt	**(1,241)**	**(3,454)**	**(4,695)**	**(5,222)**	**-10.1%**
Cash and Equivalents	683	-	683	792	-13.7%
Cash Investments	344	-	344	572	-40.0%
Net Debt	**(214)**	**-**	**(3,668)**	**(3,858)**	**-4.9%**
Readily Market Inventories (RMI)[1]	238	-	238	198	20.0%
Adjusted Net Debt	**-**	**-**	**(3,430)**	**(3,660)**	**-6.3%**

[1] Inventories at cost price (it considers provision for negative margin)



MARKET OVERVIEW

Sugar Market

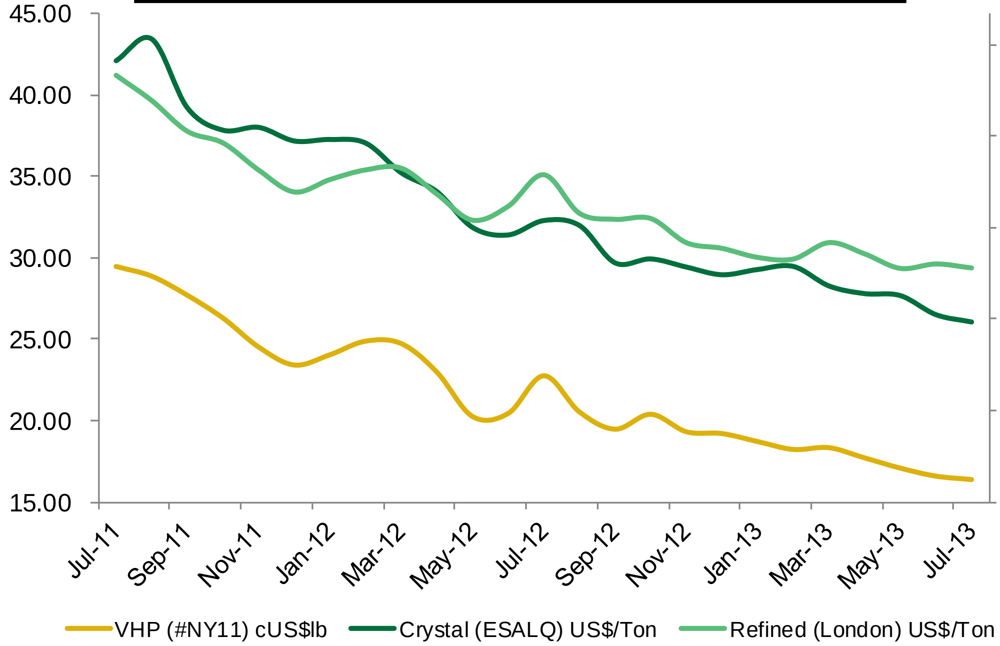
In 1Q14, the price of the NY#11 sugar futures contract fell US$1.28 c/lb, from US$17.66 c/lb to US$16.38 c/lb. In the period, the U.S. dollar appreciated 10% against the Brazilian real, from R$/US$2.013 to R$/US$2.215. As a result, sugar prices in real climbed 2%, from R$35.55 c/lb to R$36.55 c/lb. The average sugar price in 1Q14 decreased by 15% to R$35.39 c/lb versus the same period of last year.

The downward trend in sugar prices in U.S. dollar in the quarter was influenced by the positive expectations for the harvests in the Northern hemisphere and in Center-South Brazil. Apart from India, other major cane-producing countries are expected to have 13/14 crops similar in size or larger than those in 2012/13.

However, weather can still significantly alter expectations. Heavy rains in June in Center-South Brazil slowed the pace of crushing, which could endanger the sugarcane crushing forecast of 589 million metric tons for the 13/14 crop year (UNICA) if mills fail to make up for this lost time over the coming months. Another important factor was the price premium for ethanol in relation to sugar, which could adversely affect sugar production, which is initially forecasted at 35.5 million metric tons, according to UNICA.

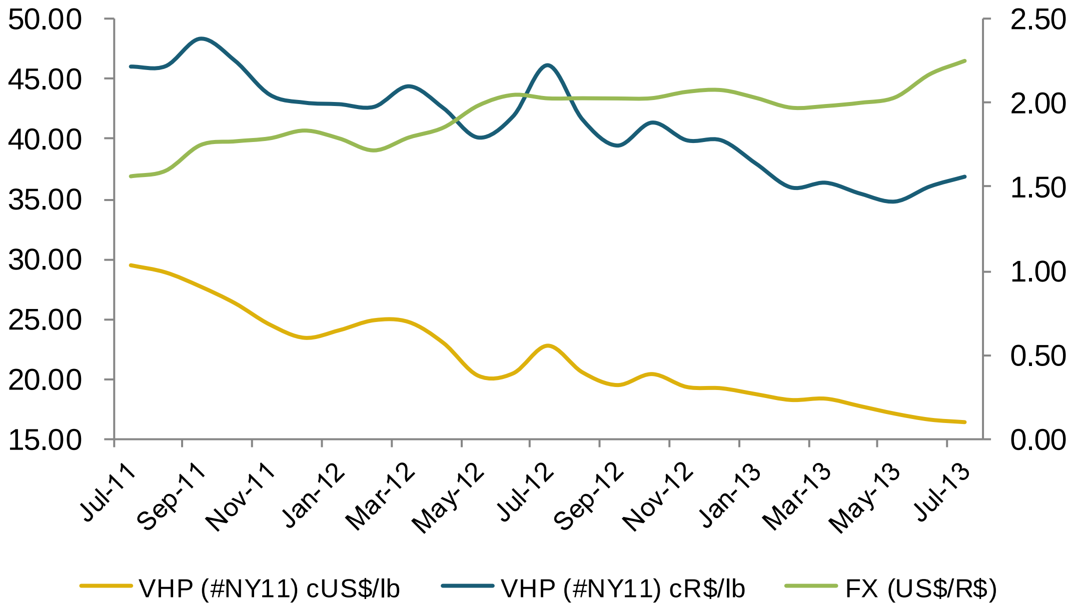
China has intermittently supported the market during the price drop, having purchased an estimated 900,000 metric tons of sugar during the quarter, mostly from Brazil. Thai exports were also 300,000 metric tons lower during the same quarter last year, further encouraging Brazilian exports to destinations previously supplied by Thailand.

Sugar Average Prices Variation
VHP (cUS$lb) x Crystal (US$/Ton) x Refined (US$/Ton)



Source: CEPEA and Reuters, August 2013.

VHP Average Prices (cUS$/lb x cR$/lb) and FX Variation



Source: Bloomberg, August 2013.

Ethanol Market

According to ESALQ, the price of hydrous ethanol fell R$40/m³ to close the quarter at R$1.163/m³. However, prices rose in the first half of the quarter, given the expected implementation of a government tax incentive for ethanol (PIS/COFINS tax cuts) and the heavy rains in Center-South Brazil in the period, when prices peaked at R$1,302/m³. After the rainy period, the pace of crushing accelerated, prices returned to their seasonal downward trend.

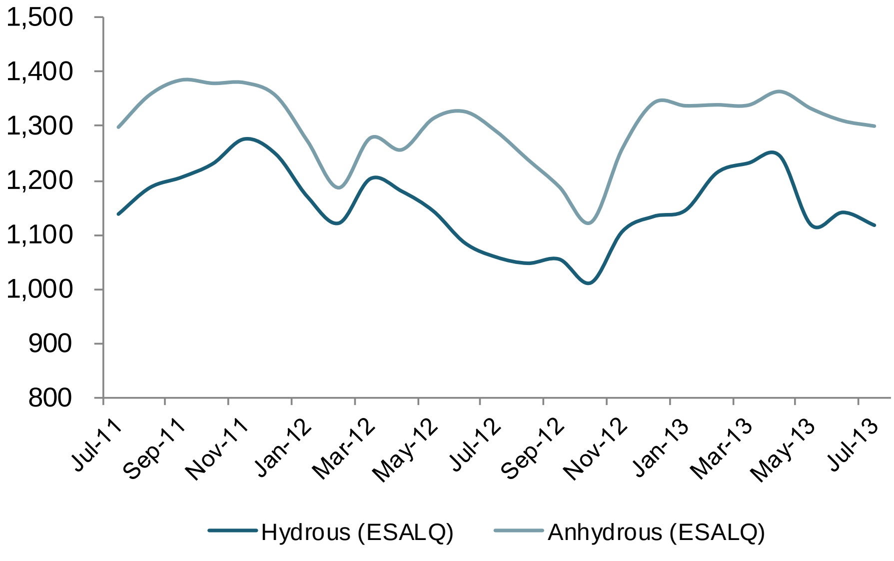
The average price of hydrous ethanol in 1Q14 was R$1,164/m³, up 2.8% from the average of R$1,132/m³ in 1Q13.

In the quarter, the price of anhydrous ethanol fell R$21/m³, from R$1,337/m³ to R$1,316/m³ at the end of the 1Q14. The average price of anhydrous ethanol in the period was R$1.335/m³, increasing 2.6% on the average price in 1Q13 of R$1.301/m³.

Mills produced a total of 3,1 million m³ of hydrous ethanol, or 380,000 m³ more than in the same period last year, reflecting the more competitive prices (below the 70% parity with gas prices at the pump) in the states of São Paulo, Paraná, Goiás and Mato Grosso. The supply of anhydrous ethanol reached 2.1 million m³ in 1Q14, increasing 520,000 m³ from 1Q13, driven by the increase, from 20% to 25%, in the percentage of anhydrous ethanol added to the gasoline blend.

According to SECEX, Brazil exported 512,000 m³ of ethanol in 1Q14, up 46% from the year-ago period. The main export destinations were Asia, the European Union and the United States, with exports to the latter market growing by 85,000 m³ in the quarter. Brazil's ethanol exports were favored in international markets from the high price of U.S. ethanol and from the weaker local currency.

Hydrous and Anhydrous Ethanol Prices (R$m³)



Source: CEPEA, August 2013

Market Outlook

The steady decline in sugar prices experienced during the past several quarters has helped the market find solutions for the global sugar surplus. Consuming countries have been steady scale-down buyers, building stocks at destination on an impressive scale. This year market estimates call for global sugar stocks to have increased 10-15 million metric tons, the majority of which are being built at destination, particularly in China. In the short term, we believe a substantial amount of the perceived sugar surplus has been placed with buyers or is willingly being stored at origin.

Another part of the solution to the sugar surplus has been the fact that sugar and ethanol prices have reached the same parity in Brazil, leading millers to produce more ethanol. A strong ethanol export market during the quarter also contributed to a more ethanol-oriented mix, where we saw ethanol exports paying substantial premiums to both sugar and domestic ethanol.

Looking ahead there remain several key drivers for sugar and ethanol prices. The weather in Center-South Brazil is perhaps the most important factor as there is ample cane to crush in Brazil. The Brazilian Real will also be a critical factor in the interplay between sugar and ethanol prices, as a weaker Real tends to cause Brazilian producers to favor producing sugar (primarily denominated in US dollars) over ethanol (primarily denominated in Brazilian Reais).

Government fuel policy also remains a source of significant uncertainty. The combination of higher world oil prices and a weaker Brazilian Real has moved domestic gasoline prices in Brazil to an estimated 30% discount to the world market. Considering this discount, current gasoline price policy does not seem sustainable in the long term given Brazil's fuel deficit. There is also considerable uncertainty surrounding US ethanol policy, as the fate of the Renewable Fuel Standard is decided by US policymakers. The market's willingness to adopt higher blends in the US (like E15) will depend heavily on how the mandate evolves, potentially unlocking substantial additional demand for ethanol.

Lower sugar prices have helped to incentivize the world to build inventories but actual consumption has not accelerated commensurately with the increase in supply. Meanwhile, producers in many key growing areas have not received strong enough signals to reduce production, setting the stage for the global sugar-surplus to continue to grow once again. Given the substantial amount of inventory-building that has already taken place, there is considerable risk that buyers will not continue filling their warehouses unless prices continue falling. In the mid to long term, we expect sugar and ethanol prices to converge in Brazil, which can help to reduce world sugar surplus, with Brazilian millers producing more ethanol again.

Guidance

Over the coming months, Biosev's key operational priorities will be increasing capacity to achieve its fill-up strategy and strict cost control.

The combination of frost in Mato Grosso do Sul, where we have 26.7% of our crushing capacity, and drought in the Northeast, has led us to revise our expectations for crushing in this crop from 33 million tons previously to between 28.7 million tons and 30.1 million tons, roughly in line with the previous year.

Guidance	13/14	
	min	max
Crushing (million tons)	28.7	30.1
Sugarcane TRS (Kg/Ton)	125	131

Approximately two-third of the total reduction of crushing are due to the frost in the cluster MS and one-third is due to the drought in the NE cluster.

In additonal to the impact on crushing, the TRS of our cane will also be impacted, mainly due to the frost in the cluster in MS. We expect to close 13/14 crop year at between 125 kg/ton and 131 kg/ton of cane.

APPENDIX – SUMMARIZED FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE PERIOD

Income Statement (R$ Thousand)	1Q14	1Q13	%
NET REVENUE	**1,065,208**	**897,421**	**18.7%**
Costs of sales	(1,029,567)	(876,442)	17.5%
GROSS PROFIT	**35,641**	**20,979**	**69.9%**
OPERATING INCOME (EXPENSES)			
General, administrative and selling expenses	(135,991)	(125,467)	8.4%
Financial income	303,987	183,701	65.5%
Financial expenses	(408,747)	(378,489)	8.0%
FX variation	(137,028)	(134,562)	1.8%
Earnings (losses) on changes in fair value minus estimated costs of selling bio assets (Unrealized)	(97,211)	(44,988)	116.1%
Share of profit (loss) of subsidiaries	(811)	(2,448)	-66.9%
Other operating income	87,625	15,211	476.1%
Other operating expenses	(81,867)	(39,395)	107.8%
Operating income (expenses), net	**(470,043)**	**(526,437)**	**-10.7%**
PROFIT (LOSS) BEFORE TAXES ON INCOME	**(434,402)**	**(505,458)**	**-14.1%**
Income Tax and Social Contribution	108,591	153,881	-29.4%
LOSS FOR THE PERIOD	**(325,811)**	**(351,577)**	**-7.3%**

BALANCE SHEET - ASSETS

(amounts in R$ thousand)

ASSETS	6/30/13	3/31/13	%
CURRENT ASSETS			
Cash and cash equivalents	683,245	791,728	-13.7%
Short-term investments	343,560	572,211	-40.0%
Derivative financial instruments	118,381	62,711	88.8%
Trade receivables	297,738	257,586	15.6%
Inventories	575,800	593,421	-3.0%
Recoverable taxes	132,580	132,214	0.3%
Other receivables	59,005	67,836	-13.0%
	2,210,309	**2,477,707**	**-10.8%**
Assets held for sale	52,124	63,233	-17.6%
Total current assets	**2,262,433**	**2,540,940**	**-11.0%**
NON CURRENT ASSETS			
Long-term receivables:			
Advances to suppliers	29,102	34,828	-16.4%
Escrow deposits	180,729	171,407	5.4%
Recoverable taxes	72,948	68,291	6.8%
Deferred income tax and social contribution	363,705	243,393	49.4%
Other receivables	37,900	47,618	-20.4%
Biological Assets	1,104,572	1,241,580	-11.0%
Investments	234,398	235,209	-0.3%
Property, plant and equipment	4,070,022	4,117,416	-1.2%
Intangible assets	1,032,833	1,036,721	-0.4%
Total non-current assets	**7,126,209**	**7,196,463**	**-1.0%**
TOTAL ASSETS	**9,388,642**	**9,737,403**	**-3.6%**

BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY	6/30/13	3/31/13	%
CURRENT LIABILITIES			
Borrowings and financing	1,241,327	1,254,433	-1.0%
Advance from domestic customers	42,665	16,805	153.9%
Advance from foreign customers	304,371	403,913	-24.6%
Trade payables	312,665	254,044	23.1%
Accrued payroll and related taxes	93,788	112,239	-16.4%
Taxes payable	68,714	90,405	-24.0%
Derivative financial instruments	196,772	58,955	233.8%
Other payables	152,193	150,313	1.3%
Total current liabilities	**2,412,495**	**2,341,107**	**3.0%**
NON-CURRENT LIABILITIES			
Borrowings and financing	3,453,571	3,967,379	-13.0%
Deferred Income tax and social contribution	128,640	166,738	-22.8%
Derivative financial instruments	41,785	58,744	-28.9%
Provision for labor, civil and tax contigencies	600,118	615,607	-2.5%
Taxes payable	8,745	11,790	-25.8%
Other payables	93,774	111,933	-16.2%
Total non-current liabilities	**4,326,633**	**4,932,191**	**-12.3%**
SHAREHOLDERS' EQUITY			
Capital	2,490,036	1,790,036	39.1%
Capital reserve	1,356,787	1,405,194	-3.4%
Accumulated losses	(1,014,532)	(688,720)	47.3%
Other comprehensive income (loss)	(189,666)	(49,293)	284.8%
Total equity attributable to shareholders	**2,642,625**	**2,457,217**	**7.5%**
Non-controlling interest	6,889	6,888	-
Total equity	**2,649,514**	**2,464,105**	**7.5%**
TOTAL LIABILITIES AND EQUITY	**9,388,642**	**9,737,403**	**-3.6%**

STATEMENT OF CASH FLOW

	1Q14	1Q13
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	(325,811)	(351,577)
Non-cash transactions:		
Depreciation, amortization and sugarcane harvest	234,378	216,234
Amortization of crop treatment	79,695	65,285
Interest, exchange rate changes and inflation adjustments, net	415,210	373,273
Income tax and social contribution	(86,096)	(153,881)
Others items not affecting cash	(80,672)	(2,669)
	236,704	**146,665**
Decrease (increase) in assets:	**(25,002)**	**60,329**
Increase (decrease) in liabilities:	**(5,995)**	**446,849**
Cash provided by operating activities	**205,707**	**653,843**
Interests paid on borrowings and financing	(67,681)	(48,470)
Net cash provided by operating activities	**138,026**	**605,373**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(85,853)	(190,057)
Additions to biological assets	(157,334)	(174,866)
Additions to intangible assets	-	(507)
Decrease in cash investments	224,030	337,638
Other	(9,125)	(8,351)
Net cash used in investing activities	**(28,282)**	**(36,143)**
CASH FLOW FROM FINANCING ACTIVITIES		
Shareholders' contribution	700,000	-
Expenses on the issuance of the shares in the context of the public offering	(48,407)	-
Borrowings and financing	98,807	233,096
Payment of borrowings and financing	(968,627)	(1,370,296)
Net cash used in financing activities	**(218,227)**	**(1,137,200)**
DECREASE IN CASH AND CASH EQUIVALENTS	**(108,483)**	**(567,970)**
Cash and cash equivalents at the beginning of year	791,728	794,397
Cash and cash equivalents at the end of period	**683,245**	**226,427**