



Votorantim
Votorantim S.A.



Consolidated condensed interim financial statements
and report of review

March 31, 2017



Report on review of consolidated condensed interim financial statements

To the Board of Directors and Stockholders
Votorantim S.A.

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Votorantim S.A. and its subsidiaries (the "Company"), as at March 31, 2017 and the related consolidated condensed statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of the consolidated condensed interim consolidated financial statements in accordance with accounting standard CPC 21 – "Interim Financial Reporting", of the Brazilian Accounting Pronouncements Committee (CPC), and with International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the consolidated condensed interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements referred to above have not been prepared, in all material respects, in accordance with accounting standard CPC 21 - "Interim Financial Reporting" and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

Curitiba, May 10, 2017


PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5


Mauricio Colombari
Contador CRC 1SP195838/O-3

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Consolidated condensed interim balance sheet
 All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	3/31/2017	12/31/2016
Assets			
Current assets			
Cash and cash equivalents	7	5,818	6,946
Financial investments	8	3,267	3,190
Derivative financial instruments	5.3	151	136
Trade receivables	9	2,211	2,001
Inventory	10	3,397	3,381
Taxes recoverable	11	1,275	1,527
Dividends receivable	12	179	180
Financial instruments - firm commitment	13	251	317
Other assets		552	580
		17,101	18,258
Assets classified as held-for-sale	29	2,125	2,125
		19,226	20,383
Non-current assets			
Long-term receivables			
Financial investments	8	40	39
Derivative financial instruments	5.3	136	232
Taxes recoverable	11	1,799	1,586
Related parties	12	524	535
Deferred income tax and social contribution	19 (b)	3,925	4,055
Judicial deposits	21 (b)	341	420
Financial instruments - firm commitment	13	220	371
Other assets		697	858
		7,682	8,096
Investments	14	13,059	12,949
Biological assets		66	66
Property, plant and equipment	15	24,903	25,091
Intangible assets	16	12,577	13,013
		58,287	59,215
Total assets		77,513	79,598

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

Consolidated condensed interim balance sheet
 All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	3/31/2017	12/31/2016
Liabilities and equity			
Current liabilities			
Borrowing	17	1,721	1,772
Derivative financial instruments	5.3	484	401
Confirming payables	18	1,009	968
Trade payables		2,307	2,726
Salaries and payroll charges		539	848
Taxes payable		445	422
Advances from clients		186	174
Dividends payable	12	57	48
Use of public assets		68	67
Deferred revenue - performance obligation	20	244	244
Other liabilities		647	795
		7,707	8,465
Liabilities related to assets as held-for-sale	29	1,522	1,522
		9,229	9,987
Non-current liabilities			
Borrowing	17	22,511	22,631
Derivative financial instruments	5.3	415	342
Deferred income tax and social contribution	19 (b)	1,879	1,983
Related parties	12	35	22
Provision	21	2,305	2,346
Use of public assets		1,118	1,119
Pension plan		313	317
Financial instruments - firm commitment	13	5	10
Deferred revenue - performance obligation	20	457	515
Other liabilities		1,411	1,503
		30,449	30,788
Total liabilities		39,678	40,775
Equity			
Share capital	22 (a)	28,656	28,656
Revenue reserves		6,241	6,254
Retained earnings		(573)	
Carrying value adjustments	22 (b)	831	1,255
Total equity attributable to owners of the Company		35,155	36,165
Non-controlling interests		2,680	2,658
Total equity		37,835	38,823
Total liabilities and equity		77,513	79,598

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

Consolidated condensed interim statement of income
Periods ended March 31

All amounts in millions of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Continuing operations			
Net revenue from products sold and services rendered	23	5,845	6,246
Cost of products sold and services rendered	24	(4,680)	(5,096)
Gross profit		1,165	1,150
Operating income (expenses)			
Selling	24	(349)	(415)
General and administrative	24	(506)	(507)
Other operating income (expenses), net	26	(454)	270
		(1,309)	(652)
Operating profit (loss) before equity results and finance results		(144)	498
Results from equity investments			
Equity in the results of investees	14	138	291
Realization of other comprehensive income on disposal of investments		3	44
		141	335
Finance results, net			
	27		
Finance income		293	501
Finance costs		(641)	(709)
Result of derivative financial instruments		(168)	(504)
Foreign exchange losses, net		26	244
		(490)	(468)
Profit (loss) before income tax and social contribution		(493)	365
Income tax and social contribution			
	19 (a)		
Current		(87)	(115)
Deferred		35	(27)
Profit (loss) for the quarter from continuing operations		(545)	223
Discontinued operations			
Loss on discontinued operations	2.2 (a) and 29	(1)	(79)
Profit (loss) for the quarter attributable to the owners		(546)	144
Profit (loss) attributable to the owners of the Company		(573)	148
Profit (loss) attributable to non-controlling interests		27	(4)
Profit (loss) for the quarter		(546)	144
Weighted average number of shares - thousands		18,278,789	18,278,789
Basic and diluted earnings (loss) per thousand shares, in reais		(31.35)	8.10
From continuing operations			
Basic and diluted earnings (loss) per thousand shares, in reais		(31.30)	12.42
From discontinued operations			
Basic and diluted loss per thousand shares, in reais		(0.05)	(4.32)

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

Consolidated condensed interim statement of comprehensive income

Periods ended March 31

All amounts in millions of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Profit (loss) for the quarter		(546)	144
Other components of comprehensive income to be subsequently reclassified to profit or loss			
Foreign exchange variation attributable to the owners of the Company	22 (b)	(601)	(2,163)
Foreign exchange variation attributable to non-controlling interests		(32)	(401)
Hedge accounting for net investments abroad, net of taxes	5.4	240	1,020
Hedge accounting for the operations of subsidiaries		(66)	43
Fair value of financial assets available-for-sale of the investments non-consolidated		(12)	181
Realization of comprehensive income on disposal of investment		(3)	(44)
Share in other comprehensive income of investees		46	(42)
		(428)	(1,406)
Other components of comprehensive income that will not be reclassified to profit or loss			
Remeasurement of retirement benefits, net of taxes		(1)	1
		(429)	(1,405)
Other comprehensive loss for the quarter			
Comprehensive loss from			
Continuing operations		(974)	(1,182)
Discontinued operations		(1)	(79)
		(975)	(1,261)
Comprehensive income (loss) attributable to			
Owners of the Company		(997)	(857)
Non-controlling interests		22	(404)
		(975)	(1,261)

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

Votorantim S.A.



Consolidated condensed interim statement of changes in equity

Periods ended March 31

All amounts in millions of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Attributable to the owners of the Company								
	Revenue reserves					Carrying value adjustments	Total	Non-controlling interests	Total equity
	Share capital	Tax incentives	Legal	Profit retention	Retained (loss) earnings				
At January 1, 2016	21,419	6	654	6,776		2,967	31,822	4,176	35,998
Comprehensive income for the quarter									
Profit (loss) for the quarter					148		148	(4)	144
Other comprehensive income						(1,005)	(1,005)	(400)	(1,405)
Comprehensive income for the quarter					148	(1,005)	(857)	(404)	(1,261)
Increase in share capital	7,237						7,237		7,237
Total contributions by shareholders	7,237						7,237		7,237
At March 31, 2016	28,656	6	654	6,776	148	1,962	38,202	3,772	41,974
At January 1, 2017	28,656	10	654	5,590		1,255	36,165	2,658	38,823
Comprehensive income (loss) for the quarter									
Profit (loss) for the quarter					(573)		(573)	27	(546)
Other comprehensive income (loss)						(424)	(424)	(5)	(429)
Comprehensive income (loss) for the quarter					(573)	(424)	(997)	22	(975)
Reversal of dividends				(13)			(13)		(13)
Total distributions to shareholders				(13)			(13)		(13)
At March 31, 2017	28,656	10	654	5,577	(573)	831	35,155	2,680	37,835

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

Consolidated condensed interim statement cash flows

Periods ended March 31

All amounts in millions of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Cash flow from operating activities			
Profit (loss) before income tax and social contribution		(493)	365
Loss on discontinued operations		(1)	(79)
Adjustments of items that do not represent changes in cash and cash equivalents			
Depreciation, amortization and depletion	24	606	688
Equity in the results of investees	14	(138)	(291)
Interest, indexation and foreign exchange variations		327	(58)
Reversal for impairment of fixed, intangible assets and investments	26	(18)	(10)
Loss (gain) on sale of fixed and intangible assets, net	26	72	(38)
Gain on sale of investments, net	26		(302)
Allowance for doubtful accounts	9 (a)	(2)	
Fair value adjustment - Resolution 4131	17 (b)	17	(24)
Constitution (reversal) of provision		109	(30)
Derivative financial instruments		137	552
Financial instruments - firm commitment	13	212	40
Change in fair value of biological assets		4	(3)
		832	810
Decrease (increase) in assets			
Financial investments		76	1,389
Derivative financial instruments		(37)	9
Trade accounts receivable		(172)	379
Inventory		(53)	(64)
Taxes recoverable		46	150
Related parties		24	(113)
Other accounts receivable and other assets		252	5
Increase (decrease) in liabilities			
Deferred revenue - performance obligation		(58)	(77)
Trade payables		(376)	(195)
Salaries and social charges		(322)	(259)
Use of public assets		12	43
Taxes payable		91	(89)
Other obligations and other liabilities		(326)	(253)
Cash provided by (used in) operating activities		(11)	1,735
Interest paid on borrowing and use of public assets			
		(325)	(332)
Income tax and social contribution paid			
		(152)	(149)
Net cash provided by (used in) operating activities		(488)	1,254

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

Consolidated condensed interim statement cash flows

Periods ended March 31

All amounts in millions of reais unless otherwise stated

	Note	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Cash flow from investment activities			
Proceeds from disposals of fixed and intangible assets		(29)	59
Proceeds from sale of investments - Sirama			566
Proceeds from sales of other investments		25	
Dividends received		22	3
Acquisitions of property, plant and equipment	15	(568)	(646)
Increase in biological assets		(2)	(1)
Increase in intangible assets	16	(12)	(56)
Net cash used in investment activities		(564)	(75)
Cash flow from financing activities			
New borrowing	17 (b)	1,211	1,374
Repayment of borrowing	17 (b)	(1,083)	(3,203)
Derivative financial instruments		(81)	(23)
Dividends paid		(4)	(5)
Net cash provided by (used in) financing activities		43	(1,857)
Decrease in cash and cash equivalents		(1,009)	(678)
Cash increase resulting from incorporation			177
Effect of fluctuations in exchange rates		(119)	(369)
Cash and cash equivalents at the beginning of the quarter		6,946	6,649
Cash and cash equivalents at the end of the quarter		5,818	5,779
Main non-cash transactions			
Increase in non-cash assets resulting from incorporation			7,060

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

1 General considerations

Votorantim S.A., formerly known as Votorantim Industrial S.A. (the "Company", the "parent company", or "VSA"), is a privately held company, fully controlled by the Ermírio de Moraes family, and is the holding company of the companies of the Votorantim Group. With its headquarters in the city of São Paulo, Brazil, the Company's purpose is to manage assets and companies, as well as to invest in other companies in order to further its objectives.

The Company, through its subsidiaries and associates, operates in the following segments: cements, metals, electrical energy, steel, wood pulp, agribusiness and finance.

1.1 Main events that occurred during the first quarter of 2017

(a) Corporate transaction in the long steel segment

In the first quarter of 2017, the Company decided, at the Extraordinary General Meeting, to increase the share capital in the investee Votorantim Siderurgia ("VS"), amounting to R\$ 130.

On February 22, 2017, ArcelorMittal Brasil S.A. ("AMB") and VSA entered into an agreement under which VS will become a subsidiary of AMB and VSA will hold a minority interest of 15% in the capital of AMB. Votorantim's long steel operations in Argentina (Acerbrag) and Colombia (PazdelRío) were not included in the transaction. The agreement is subject to prior regulatory approvals in Brazil, including the approval of the Administrative Council for Economic Defense ("CADE").

2 Presentation of the consolidated condensed interim financial statements

2.1 Basis of preparation

(a) Consolidated condensed interim financial statements

The consolidated condensed interim financial statements have been prepared in accordance with Technical Pronouncement CPC 21 - (R1) "Interim Financial Reporting", issued by the Brazilian Accounting Pronouncements Committee ("CPC") and IAS 34 "Interim Financial Reporting", issued by the International Accounting Standards Board ("IASB"), and show all relevant information pertinent to the interim financial statements, which is consistent with the information used by the management in carrying out its duties.

Therefore, the interim consolidated condensed financial statements on March 31, 2017 do not contain all of the explanatory notes and disclosures required by the accounting standards applicable to annual financial statements, as its purpose is to provide an update on the significant activities, events and circumstances in relation to those financial statements. As a consequence, they should be read together with the consolidated financial statements at December 31, 2016, issued on March 2, 2017 and available on the investor relations website (www.votorantim.com.br/ri).

The interim consolidated condensed financial statements have been prepared in a manner consistent with the accounting policies disclosed in Note 2 to the consolidated financial statements at December 31, 2016.

(b) Approval of the financial statements

The Board of Directors approved these interim consolidated financial statements for issue on May 10, 2017.

2.2 Restatement of comparative figures

(a) Assets classified as held-for-sale

In accordance with "IFRS 5 / CPC 31 - Assets held-for-sale and discontinued operations", on December 31, 2016, the Company reclassified its long steel operations in Brazil from continuing operations to discontinued operations, resulting in changes in the amounts presented previously in the financial statements as at March 31, 2016. Thus, we present below the effects of these reclassifications:

	As prior presented	Impacts of Brazil long steel operations reclassification	Restated
Continuing operations			
Net revenue from products sold and services rendered	6,725	(479)	6,246
Cost of products sold and services rendered	(5,497)	401	(5,096)
Gross profit	1,228	(78)	1,150
Operating expenses			
Selling	(497)	82	(415)
General and administrative	(545)	38	(507)
Other operating income, net	259	11	270
	(783)	131	(652)
Operating profit before equity results and finance results	445	53	498
Results from equity investments			
Equity in the results of investees	300	(9)	291
Realization of other comprehensive income on disposal of investments	44		44
	344	(9)	335
Finance results, net			
Finance income	509	(8)	501
Finance costs	(729)	20	(709)
Income from derivative financial instruments	(570)	66	(504)
Foreign exchange, net	293	(49)	244
	(497)	29	(468)
Profit before income tax and social contribution	292	73	365
Income tax and social contribution			
Current	(114)	(1)	(115)
Deferred	(33)	6	(27)
Profit for the continuing operations	145	78	223
Discontinued operations			
Loss for the discontinued operations	(1)	(78)	(79)
Profit for the quarter attributable to the owners			
Profit attributable to the owners of the Company	148		148
Loss attributable to non-controlling interests	(4)		(4)
Profit for the quarter	144		144
Weighted average number of shares - thousands	18,278,789		18,278,789
Basic and diluted earnings per thousand shares, in reais	8.10		8.10
From continuing operations			
Basic and diluted earnings (loss) per thousand shares, in reais	8.15	4.27	12.42
From discontinued operations			
Basic and diluted loss per thousand shares, in reais	(0.05)	(4.27)	(4.32)

3 Changes in accounting policies and disclosures

There were no changes in accounting standards and policies in the period ended March 31, 2017, when compared to the last financial statements of December 31, 2016.

4 Critical accounting estimates and judgments

In the quarter ended March 31, 2017, there have been no changes in estimates and assumptions that present a significant risk and probability of causing a material adjustment to the carrying amounts of assets and liabilities for the current fiscal year, compared to those detailed in Note 4 to the latest annual financial statements.

5 Financial risk factors

5.1 Foreign exchange risk

The Company has certain investments in foreign operations, the net assets of which are exposed to foreign exchange risk. Foreign exchange exposure arising from the Company's foreign operations is mainly hedged by borrowings in the same currency as these investments, being classified as a net investment hedge.

We present below the carrying amounts of assets and liabilities indexed to foreign currency at the end of the reporting period:

	Note	3/31/2017	12/31/2016
Assets denominated in foreign currency			
Cash and cash equivalents	7	3,502	4,641
Financial investments	8	517	517
Derivative financial instruments	5.3	287	367
Trade receivables		1,054	995
Related parties		703	715
		6,063	7,235
Liabilities denominated in foreign currency			
Borrowing (*)		17,892	18,423
Derivative financial instruments	5.3	899	742
Confirming payables	18	635	605
Trade payables		2,307	2,726
Related parties		44	62
		21,777	22,558
Net exposure		(15,714)	(15,323)

(*)Does not consider borrowing costs.

**Notes to the consolidated condensed interim financial statements
at March 31, 2017**

All amounts in millions of reais unless otherwise stated

5.2 Liquidity risk

The table below analyzes the Company's financial liabilities to be settled by the Company by maturity, for the remaining period from the balance sheet up to the contractual maturity date. The financial liabilities are included if their contractual maturities are essential to understanding the timing of cash flow.

The amounts disclosed in the table represent the undiscounted cash flow, which includes interest to be incurred, and, accordingly, do not reconcile directly with the amounts in the balance sheet.

	Note	Up to one year	From one to three years	From three to five years	From five to ten years	As from ten years	Total
At March 31, 2017							
Borrowing (i)		2,951	7,231	8,557	11,225	7,477	37,441
Derivative financial instruments		484	341	74			899
Confirming payables	18	1,009					1,009
Trade payables		2,307					2,307
Dividends payable	12	57					57
Related parties		35					35
Use of public assets		79	172	194	599	1,840	2,884
		6,922	7,744	8,825	11,824	9,317	44,632
On December 31, 2016							
Borrowing (i)		3,824	7,242	8,524	9,921	9,368	38,879
Derivative financial instruments		401	286	56			743
Confirming payables	18	968					968
Trade payables		2,726					2,726
Dividends payable	12	48					48
Related parties		10	12				22
Use of public assets		78	171	193	595	1,889	2,926
		8,055	7,711	8,773	10,516	11,257	46,312

(i) Does not include the recorded fair value of the debts contracted under Resolution 4131.

Votorantim S.A.

Notes to the consolidated condensed interim financial statements at March 31, 2017

All amounts in millions of reais unless otherwise stated



5.3 Derivatives contracted

(a) Effects of the derivative financial instruments on the balance sheet and cash flow

Below, there are two charts detailing the derivative financial instruments and the objects protected by them:

Programs	Principal		As per unit	Purchase/ sale	Average FWD rate	Average term (days)	Assets	Liabilities	Fair value		Realized gain (loss)		Fair value by maturity					
	3/31/2017	12/31/2016							3/31/2017	12/31/2016	3/31/2017	2017	2018	2019	2020	2021+		
Sales at a fixed price																		
Zinc forward	4,413	922	ton	P	2,737 USD/ton	92	0.6	(0.1)	0.5	1.8	1.4	0.4	0.1					
									0.5	1.8	1.4	0.4	0.1					
Hedging instruments for mismatches of quotation periods																		
Zinc forward	298,546	184,835	ton	P/S		27	15.1	(16.7)	(1.6)	14.3	0.4	(1.6)						
Silver forward	213		k oz (*)			22		(0.2)	(0.2)			(0.2)						
Aluminum forward	6,400	1,497	ton	P/S		18		(1.0)	(1.0)		(0.1)	(1.0)						
									(2.8)	14.3	0.3	(2.8)						
Hedging instruments for the operating margin of metals																		
Zinc forward	12,699	10,690	ton	S	2,297 USD/ton	1	0.2	(19.7)	(19.5)	(23.2)		(19.5)						
Aluminum forward	18,750	5,165	ton	S	1,665 USD/ton	1		(14.1)	(14.1)	(1.9)		(14.1)						
Copper forward	250		ton	S	5,799 USD/ton	1												
US Dollar forward	43	16	USD	S	4 BRL/USD	1	18.7		18.7	11.4		18.7						
									(14.9)	(13.7)		(14.9)						
Hedging instruments for foreign exchange exposure																		
US Dollar forward	64		USD		3 BRL/USD	49		(2.5)	(2.5)			(2.5)						
									(2.5)			(2.5)						
Hedging instruments for debts																		
Fixed rate in reais vs. CDI floating rate swaps	100	100	BRL		80.00 % CDI	74		(0.2)	(0.2)	(1.0)	(1.4)	(0.2)						
TJLP floating rate vs. CDI floating rate swaps	28	28	BRL		97.00 % CDI	442	1.1	(0.1)	1.0	1.0	0.5		1.0					
LIBOR floating rate vs. CDI floating rate swaps	773	773	USD		103.07 % CDI	1,156	135.1	(564.8)	(429.7)	(320.3)	(46.3)	(148.4)	(141.6)	(159.0)	(59.8)	79.0		
US dollar fixed rate vs. CDI floating rate swaps	50	50	USD		101.90 % CDI	1,274		(52.3)	(52.3)	(47.7)	(4.9)	(10.4)	(11.3)	(11.4)	(19.2)			
									(481.2)	(368.0)	(52.1)	(159.0)	(151.9)	(170.4)	(79.0)	79.0		
									170.8	(671.7)	(500.9)	(365.6)	(50.4)	(178.8)	(151.8)	(170.4)	(79.0)	79.0

(*) k oz – Ounces troy

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Programs	Principal		As per unit	Purchase/ sale	Average FWD rate	Average term (days)	Assets	Liabilities	Fair value		Realized gain (loss)		Fair value by maturity					
	3/31/2017	12/31/2016							3/31/2017	12/31/2016	3/31/2017	2017	2018	2019	2020	2021+		
Hedge accounting - cash flow hedge																		
Hedging instruments for the operating margin of metals																		
Zinc forward	56,270	94,559	ton	S	2,356 USD/ton	92	1.4	(74.9)	(73.5)	(74.9)	(61.3)	(73.5)						
Aluminum forward	194,923	225,000	ton	S	1,725 USD/ton	178		(149.1)	(149.1)	(10.6)	(20.4)	(130.8)	(18.3)					
Copper forward	1,574	540	ton	S	5,809 USD/ton	93				0.7								
US Dollar forward	394	473	USD	S	4 BRL/USD	169	109.6	(0.5)	109.1	80.8	46.8	101.2	8.0					
									(113.5)	(4.0)	(35)	(103.1)	(10.3)					
Hedging instruments for mismatches of quotation periods																		
Zinc forward	76,938	43,294	ton	P/S		56.0	1.9	(1.8)	0.1	(5.6)	6.1	0.1						
Copper forward	303		k oz (*)	P/S		61.0	0.1	(0.8)	(0.7)		(0.2)	(0.7)						
									(0.6)	(5.6)	5.9	(0.6)						
Hedge accounting - fair value hedge																		
Hedging instruments for interest rates in US Dollar																		
LIBOR floating rate vs. USD fixed rate swaps	653	426	ton	P	2,654 USD/ton	86	0.3	(0.1)	0.2	0.3	0.7	0.2						
									0.2	0.3	0.7	0.2						
Hedging instruments for mismatches of quotation periods																		
Zinc forward	30,138	23,940	ton	P/S		38	2.9		2.9	0.3	(10.2)	2.9						
									2.9	0.3	(10.2)	2.9						
									116.2	(227.2)	(111.0)	(9.0)	(38.5)	(100.6)	(10.3)			
									287.0	(898.9)	(611.9)	(374.6)	(89)	(279.4)	(162.1)	(170.4)	(79.0)	79.0

(*) k oz – Ounces troy

The transactions involving derivative financial instruments recognized in “Carrying value adjustments” amount to R\$ (69). Besides this, there are hedge accounting operations, which amount to R\$ 3, in controlled, not consolidated companies recognized in “Carrying value adjustments”.

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(b) Effect of the financial derivative instruments on the financial results

The chart below shows the impact of the financial derivative instruments on the financial results in the period:

Programs	Fair value	Realized gain (loss)	Total
Hedging instruments for foreign exchange exposure			
US Dollar forward	(2,5)		(2,5)
	(2,5)		(2,5)
Hedging instruments for debts			
Fixed rate in reais vs. CDI floating rate swaps	0,8	(1,4)	(0,6)
TJLP vs. CDI floating rate swaps		0,5	0,5
LIBOR floating rate vs. CDI floating rate swaps	(109,4)	(46,3)	(155,7)
US dollar fixed rate vs. CDI floating rate swaps	(4,6)	(4,9)	(9,5)
	(113,2)	(52,1)	(165,3)
Effect in the finance results	(115,7)	(52,1)	(167,8)

5.4 Hedges of net investments in foreign operations

The hedged items that the Company and its subsidiaries designated as a calculation tool refer to the investments shown in the table below, as well as part of its debts and those of its subsidiaries Votorantim Cimentos S.A. ("VCSA"), Companhia Brasileira de Alumínio ("CBA"), Votorantim Metais Zinco S.A., VS e St. Helen Holding II B.V., denominated in Euros and US Dollars.

	3/31/2017		12/31/2016	
	Investment	Debt	Investment	Debt
Votorantim Metais Cajamarquilla S.A. ("Cajamarquilla") (i)	1,654	1,641	3,233	2,968
US Zinc Corporation	1,746	1,416	1,634	1,456
Votorantim Cement North America Inc.	3,092	4,274	3,173	4,540
Votorantim Cimentos EAA Inversões, S.L.	1,295	1,932	2,410	2,575
Hailstone Limited	542	472	558	487
Votorantim Andina S.A. ("VASA") (i)	2,115	3,326	1,590	2,347

(i) Cajamarquilla's allocated investment and the corresponding designated debt decreased in February 2017, due to the new designation of the VASA hedge and the assignment of debts previously used.

The Company documents the correlation between its hedges and the related obligations by assessing the effectiveness of net investment hedges both prospectively and retrospectively.

The gain on exchange rate on the conversion of debts, net of income tax and social contribution, recognized as carrying value adjustments on March 31, 2017 was R\$ 240 (March 31, 2016, R\$ 1,020).

5.5 Sensitivity analysis

The main risk factors that affect the pricing of the outstanding financial instruments relating to cash and cash equivalents, financial investments, borrowing, and derivative financial instruments are exposure to the fluctuations of the US Dollar, Euro, Turkish Lira, Argentinian and Bolivian peso exchange rates, LIBOR and CDI interest rates, US Dollar coupons, commodity prices and contracts for the purchase and sale of electrical energy. The scenarios for these factors were prepared using market and specialized sources, following the Company's systems of governance.

The scenarios at March 31, 2017, are described below:

Scenario I - is based on the market forward curves and quotations at March 31, 2017, and represents a probable scenario in management's opinion as on June 30, 2016.

Scenario II - considers a stress factor of + / – 25% applied to the market forward curves and quotations as at March 31, 2017.

Scenario III - considers a stress factor of + / – 50% applied to the market forward curves and quotations as at March 31, 2017.

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Risk factors	Cash and cash equivalents and financial investments (i)	Borrowing (i)	Derivative financial instruments	As per unit	Changes from 3/31/2017	Impacts on profit (loss)					Impacts on comprehensive income				
						Scenario I		Scenarios II & III			Scenario I		Scenarios II & III		
						Results of scenario I	-25%	-50%	+25%	+50%	Results of scenario I	-25%	-50%	+25%	+50%
Foreign exchange rates															
USD	3,268	14,671 (*)	1,323	USD milhões	-2.4%	(1)	(10)	(20)	10	20	239	2,511	5,022	(2,511)	(5,022)
EUR	214	2,520			-3.4%	1	7	14	(7)	(14)	78	570	1,139	(570)	(1,139)
PEN	44				-3.5%						(2)	(11)	(22)	11	22
BOB	44	382			-0.8%						3	85	169	(85)	(169)
TRY	23	287									1	66	132	(66)	(132)
ARS	93				-6.2%						(6)	(23)	(46)	23	46
Interest rates															
BRL - CDI	5,102	4,259	4,320	BRL milhões	-199 bps	(14)	(18)	(35)	18	38	4	13	26	(12)	(24)
LIBOR		2,454	2,606	USD milhões	20 bps	8	(26)	(51)	26	51	(1)	2	4	(2)	(3)
US Dollar coupon			1,323	USD milhões	-179 bps	138	67	138	(64)	(124)	(9)	(6)	(12)	6	12
Price of commodities															
Zinc			479,657	ton	-1.2%	3	73	146	(73)	(146)	7	146	292	(146)	(292)
Aluminum			220,073	ton	-7.5%	1	4	9	(4)	(9)	91	302	604	(302)	(604)
Copper			1,824	ton	-3.4%						1	7	15	(7)	(15)
Silver			516	oz (**)	-6.9%		1	2	(1)	(2)	1	4	9	(4)	(9)
Firm commitment - electric energy															
Sale and purchase agreements - fair value			439	BRL milhões			(4)	(8)	4	8					

(*) Considers baskets of currencies

(**) k oz - Ounces troy

(i) The balances presented do not reconcile with the cash and cash equivalents, financial investments and borrowing notes, as the analysis only covers the most significant currencies and the interest rates cover only the principal value.

6 Credit quality of financial assets

	3/31/2017			12/31/2016		
	Local rating	Global rating	Total	Local rating	Global rating	Total
Cash and cash equivalents						
AA+	284		284			
AA-	1,911	763	2,674	1,831	815	2,646
A+	121	658	779	175	815	990
A		279	279		278	278
A-		505	505		736	736
BBB+		209	209		479	479
BBB		463	463		409	409
BBB-		48	48		111	111
BB+		33	33		34	34
BB		22	22	297	91	388
B+		48	48		81	81
CCC+		16	16		96	96
Unrated (i)		458	458	2	696	698
	2,316	3,502	5,818	2,305	4,641	6,946
Financial investments						
AA+	84		84	59		59
AA-	2,177		2,177	2,105		2,105
A+	494	43	537	479	308	787
A	3	60	63	3	12	15
A-	17	120	137	17	66	83
BBB					3	3
BB				23		23
CCC+		77	77		104	104
Unrated (ii)	15	217	232	26	24	50
	2,790	517	3,307	2,712	517	3,229
Derivative financial instruments						
AAA	45		45	84		84
AA-	174		174	173		173
A+	13		13	10	1	11
A		18	18		24	24
A-		37	37		76	76
	232	55	287	267	101	368
	5,338	4,074	9,412	5,284	5,259	10,543

The local and global ratings were obtained from the ratings agencies Standard & Poor's ("S&P"), Moody's and Fitch. The Company considered the ratings of S&P and Fitch for presentation purposes.

- (i) Refers to values invested in offshore banks, which are not rated by any rating agency.
- (ii) Refers to Grupo Votorantim's exclusive investment funds (Fundos de Investimento em Direitos Creditórios – "FIDC"), which are not rated by any rating agency.

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7 Cash and cash equivalents

	<u>3/31/2017</u>	<u>12/31/2016</u>
Local currency		
Cash and banks	3	14
Repurchase agreements - private securities	795	1,072
Repurchase agreements - public securities	1,518	1,219
	<u>2,316</u>	<u>2,305</u>
Foreign currency		
Cash and banks	2,523	1,895
Certificates of deposits	979	2,746
	<u>3,502</u>	<u>4,641</u>
	<u>5,818</u>	<u>6,946</u>

Cash and cash equivalents in local currency include deposits in bank accounts and highly liquid, readily convertible government or financial institutions securities indexed to the interbank deposit rate. Cash equivalents in foreign currency are composed mainly of fixed income financial instruments.

8 Financial investments

	<u>3/31/2017</u>	<u>12/31/2016</u>
Held-for-trading		
Bank Deposit Certificates - CDBs	859	657
Financial Treasury Bills - LFTs	765	740
Repurchase agreements	421	603
Financial investments in foreign currency	221	517
Investment fund quotas	14	26
	<u>2,988</u>	<u>3,204</u>
Available-for-sale		
Financial investments in foreign currency	296	
Bank Deposit Certificates - CDBs		3
	<u>296</u>	<u>3</u>
Held-to-maturity		
Bank Deposit Certificates - CDBs	23	22
	<u>23</u>	<u>22</u>
	<u>3,307</u>	<u>3,229</u>
Current	3,267	3,190
Non-current	40	39
	<u>3,307</u>	<u>3,229</u>

The financial investments have, for the most part, immediate liquidity. Investments in local currency comprise government and financial institution bonds, indexed to the interbank deposit rate. Investments in foreign currency are mainly composed of fixed income financial instruments (time deposits).

9 Trade receivables
(a) Breakdown

	<u>Note</u>	<u>3/31/2017</u>	<u>12/31/2016</u>
Trade receivables - Brazil		1,208	1,077
Trade receivables - foreign customers		1,125	1,057
Related parties	12	35	26
Allowance for doubtful accounts		(157)	(159)
		<u>2,211</u>	<u>2,001</u>

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(b) Aging of trade receivables

	3/31/2017	12/31/2016
Current	1,960	1,796
Up to three months past due	191	169
Three to six months past due	37	20
Over six months past due	180	175
Allowance for doubtful accounts	(157)	(159)
	2,211	2,001

10 Inventory

	3/31/2017	12/31/2016
Finished products	674	700
Semi-finished products	1,485	1,396
Raw materials and consumables	616	617
Auxiliary materials	945	952
Imports in transit	141	101
Other	62	104
Provision for inventory losses	(526)	(489)
	3,397	3,381

The provision for inventory losses mainly refers to the obsolescence of inventory the value of which has a limited expectation of realization. No inventory was pledged as collateral for liabilities.

11 Taxes recoverable

	3/31/2017	12/31/2016
Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)	1,348	1,354
State Value-added Tax on Sales and Services (ICMS)	530	542
Social Contribution on Revenue (COFINS)	380	386
Value-added Tax (VAT) (foreign companies)	293	275
IRPJ/CSLL - "Plano Verão"	120	185
Withholding Income Tax (IRRF)	108	90
Social Integration Program (PIS)	83	85
State Value-added Tax on Sales and Services on PP&E	71	78
Excise Tax (IPI)	31	29
Other	110	89
	3,074	3,113
Current	1,275	1,527
Non-current	1,799	1,586
	3,074	3,113

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12 Related parties

Assets	Trade receivables		Dividends receivable		Non-current assets	
	3/31/2017	12/31/2016	3/31/2017	12/31/2016	3/31/2017	12/31/2016
Related companies and joint ventures						
Banco Votorantim S.A.			51	51		
Cementos Granadilla S.L.	2	1			6	6
Citrosuco GmbH (i)					200	205
Citrosuco S.A. Agroindústria (ii)					300	302
Fibria Celulose S.A.	3	4	116	116	1	1
Mineração Rio do Norte S.A.			7	7		
Superior Materials Holdings, LLC	3					
Supermix Concreto S.A.	14	21				
Other	13		5	6	17	21
Total	35	26	179	180	524	535
Current	35	26	179	180		
Non-current					524	535
	35	26	179	180	524	535

Liabilities	Trade payables		Dividends payable		Non-current liabilities	
	3/31/2017	12/31/2016	3/31/2017	12/31/2016	3/31/2017	12/31/2016
Parent company						
Hejoassu Administração S.A.			9	39		
Related companies and joint ventures						
Cementos Granadilla S.L.	1	1				
Fibria Celulose S.A.	12	4				
Suwannee American Cement LLC	29	27				
Other	6	2			35	22
	48	34	9	39	35	22
Non-controlling interests			48	9		
Current	48	34	57	48		
Non-current					35	22
	48	34	57	48	35	22

Profit and loss	Sales		Finance income (expenses)	
	1/1/2017 to	1/1/2016 to	1/1/2017 to	1/1/2016 to
	3/31/2017	3/31/2016	3/31/2017	3/31/2016
Related companies and joint ventures				
Cementos Granadilla S.L.	4	22		
Citrosuco S.A. Agroindústria (ii)	8	2	3	4
Fibria Celulose S.A.	23	22		
Superior Materials Holdings, LLC	10	11		
Supermix Concreto S.A.	48	68		
Other	1	11	(7)	5
	94	136	(4)	9

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(i) Refers to accounts receivable related to assets surplus to basic net assets invested in the Citrosuco operation. The realization period is linked to the performance of each item under contractual rules laid down in the shareholder agreement and closing memorandum signed between the Fisher and Votorantim Groups.

(ii) Refers mainly to accounts receivable as association agreements via export prepayment contracts maturing in 2019, at the updated rate of 2.75% p.a., in the amount of R\$ 222. The difference of R\$ 78 relates to accounts receivable related to assets surplus to basic net assets invested in Citrosuco operation. The realization period is linked to the performance of each item under the contractual rules laid down in the shareholder agreement and closing memorandum signed between the Fisher and Votorantim Groups.

13 Financial instruments – firm commitment

The Company, through its subsidiary VOTENER - Votorantim Comercializadora de Energia Ltda. ("Votener"), operates in the Regulated Contracting Environment ("ACR") and participated in the 13th electricity purchase auction on April 30, 2014, in which, through a firm commitment, it made sales for delivery by December 2019. These transactions, on initial recognition, resulted in gains from the sale of surplus energy to the Company, which was recognized at fair value. The net difference of expenses and revenues generated by the realization of the fair value, through the physical settlement of the sale and purchase of energy, was recognized as an expense in the amount of R\$ 197 in "Other operating income (expenses), net".

Additionally, the other operations carried out by the subsidiaries in the ACR and the Free Contracting Environment ("ACL"), which meet the definition of a financial instrument, were also recognized at fair value. The realization of the fair value, net of recognition, in the amount of R\$ 15 was recognized as an expense in "Other operating income (expenses), net".

The figures quoted above have the following composition (Note 26):

	ACR			ACL			3/31/2017	12/31/2016
	Aluminum ("CBA")	Energy	Total	Aluminum ("CBA")	Energy	Total		
Realization	(107)	(32)	(139)		(58)	(58)	(197)	
Recognition				5	(20)	(15)	(15)	(40)
	(107)	(32)	(139)	5	(20)	(58)	(212)	(40)

The following table reconciles the balance sheet amounts:

	ACR			ACL			3/31/2017	12/31/2016
	Aluminum ("CBA")	Energy	Total	Aluminum ("CBA")	Energy	Total		
Assets								
Current	129	38	167	6	78	84	251	317
Non-current	210	62	272	(20)	(32)	(52)	220	371
	339	100	439	(14)	46	32	471	688
Liabilities								
Non-current				(5)		(5)	(5)	(10)
				(5)		(5)	(5)	(10)
	339	100	439	(5)	(14)	27	466	678

(i) The negative balance of the ACL transaction, presented in assets, is presented net, together with the ACR transaction.

14 Investments

(a) Breakdown

	Information on investees on March 31, 2017			Equity in the results		Investment balance	
	Equity	Net profit (loss)	Ownership percentage (%)	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016	3/31/2017	12/31/2016
Subsidiaries and associates							
Cementos Avellaneda S.A. (i)	493	37	49.00	18	15	249	237
Cementos Bio Bio S.A. (ii)	909	19	16.70	3	6	152	152
Alunorte - Alumina do Norte S.A. (ii)	4,811	42	3.03	1	11	146	150
Mineração Rio do Norte S.A. (ii)	1,047	(4)	10.00		18	105	105
Supermix Concreto S.A.	237	(4)	25.00	(1)	1	59	64
Hutton Transport Ltda.	59		25.00			15	15
Other investments				4	3	319	310
Joint ventures							
Banco Votorantim S.A.	9,528	(66)	50.00	(33)	(40)	4,764	4,809
Fibria Celulose S.A. (iii)	14,076	327	29.42	96	287	3,963	3,867
Citrosuco GmbH (i)	2,720	231	50.00	108	22	2,149	2,088
Citrosuco S.A. Agroindústria (i)	574	(104)	50.00	(61)	(33)	812	816
Suwannee American Cement LLC (i)	254	7	50.00	3	4	212	222
Cimento Portland S.A.	107	(1)	50.00	(1)		54	53
Superior Building Materials LL	83	1	50.00	1	(3)	42	42
Sumter Cement Co LLC	36		50.00			18	19
				138	291	13,059	12,949

(i) Investments Cementos Avellaneda SA, Suwannee American Cement LLC, Citrosuco S.A. and Citrosuco GmbH consider, on March 31, 2017, the amounts of R\$ 7, R\$ 85, R\$ 525 e R\$ 789 (December 31, 2016 - R\$ 2, R\$ 96, R\$ 478 e R\$ 816) respectively, related to goodwill paid on acquisition of investments and the balance of surplus value, that is amortized as income of the parent company.

(ii) Relates to investees in which participation is less than 20%, but the Company has significant influence on the activities through agreements established with shareholders.

(iii) The equity income of the investee considers eliminations of unrealized profits, in the amount of R\$ 178 (December 31, 2016 - R\$ 178), in exchange of land with the Company.

(b) Changes in investments

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Opening balance	12,949	5,174
Equity in the results of investees	138	291
Exchange variation on foreign investments	(57)	(368)
Dividends	(32)	(28)
Effect of subsidiaries, associates and joint ventures - incorporation VPAR		7,762
Fair value of financial assets available-for-sale - Banco Votorantim (i)	(12)	181
Hedge accounting cash flow from investees	3	46
Other	70	(4)
Closing balance	13,059	13,054

(i) Refers to fair value of the securities available-for-sale directly recognized in equity of Banco Votorantim S.A.

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15 Property, plant and equipment

(a) Breakdown and changes

	1/1/2017 to 3/31/2017								1/1/2016 to 3/31/2016	
	Land and improvements	Buildings and constructions	Machinery, equipment and facilities	Vehicles	Furniture and fittings	Construction in progress	Leasehold improvements	Other	Total	Total
Opening balance										
Cost	2,017	9,840	31,904	1,206	192	3,471	459	439	49,528	55,486
Accumulated depreciation	(56)	(4,022)	(18,692)	(932)	(139)		(245)	(351)	(24,437)	(26,210)
Net opening balance	1,961	5,818	13,212	274	53	3,471	214	88	25,091	29,276
Additions	1		71			495		1	568	646
Disposals	(5)	(11)	(26)	(1)					(43)	(21)
Depreciation	(1)	(71)	(363)	(23)	(3)		(5)	(1)	(467)	(565)
Foreign exchange variation	(15)	(47)	(92)	(5)		(60)	(4)		(223)	(812)
Effect of subsidiaries included in consolidation										50
Reversal (constitution) for impairment		11	22			(2)		(8)	23	10
Reclassification to assets classified as held-for-sale							(1)		(1)	
Transfers (i)	4	197	367	33		(665)	18	1	(45)	(60)
Closing balance	1,945	5,897	13,191	278	50	3,239	222	81	24,903	28,524
Cost	2,002	9,942	31,950	1,257	188	3,239	468	433	49,479	54,011
Accumulated depreciation	(57)	(4,045)	(18,759)	(979)	(138)		(246)	(352)	(24,576)	(25,487)
Net closing balance	1,945	5,897	13,191	278	50	3,239	222	81	24,903	28,524
Average annual depreciation rates - %	2	3	6	23	12		9	18		

(i) The transfers at March 31, 2017 are related to the reclassification from "Construction in progress" within "Property, plant and equipment" to "Software" and "Rights to use natural resources", within "Intangible assets".

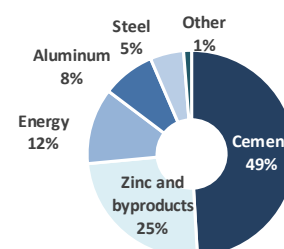
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(b) Construction in progress

The balance is composed mainly of expansion and optimization projects in the industrial enterprises.

	3/31/2017	12/31/2016
Cement	1,590	2,044
Zinc and byproducts	791	737
Energy	384	242
Aluminum	266	257
Steel	168	154
Other	40	37
	<u>3,239</u>	<u>3,471</u>



The main projects in progress by business segment are as follows:

Main projects in progress - Cement	3/31/2017	12/31/2016
Cement production capacity expansion in Sivas - Turkey	357	364
Cement production capacity expansion - North America	315	280
Equipment refurbishment - Brazil	84	89
New unit in Primavera - Brazil	77	81
New lines of co-processing - Brazil	46	33
New unit in Ituaçu - Brazil	43	43
Cement grinding - Pecém - Brazil	42	42
Environment and security - Brazil	34	26
New unit in Sobral - Brazil	33	34
Geology and mining rights - Brazil	28	27
Structural recovery - Brazil	19	19
Agricultural supplies plant - Brazil	17	15
Hardwares and softwares - Brazil	9	10
Burden removal - cement - Brazil	8	47
New lines of co-processing - North America	7	7
New plant in Edealina - Brazil	7	7
New unit in Yacuses - Bolivia	3	530
Other	461	390
	<u>1,590</u>	<u>2,044</u>

Main projects in progress - Electric power	3/31/2017	12/31/2016
Ventos de São Vicente wind power complex	373	231
Corumbá project	11	11
	<u>384</u>	<u>242</u>

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Main projects in progress - Zinc and byproducts ("VMH")	3/31/2017	12/31/2016
Vazante expansion project - Brazil	287	256
Security, health and environment projects - Brazil	114	95
Plant maintenance project - Peru	66	65
Production line construction - Brazil	65	65
Mineral extraction - Peru	48	62
Modernization and production increase projects - Brazil	40	33
Reject treatment line - Peru	38	28
Pucurhuay hydroelectric plant - Peru	27	28
Mineral grinding - Peru	23	24
Information technology projects - Peru	22	23
Project Santa Bárbara - Peru	14	14
Waste storage - Peru	12	9
Roasting - Peru	7	7
Concentrated ore plant - Peru	6	6
General services - Peru	6	6
Other	16	16
	791	737

Main projects in progress - Steel	3/31/2017	12/31/2016
Revitalization and adaptation of plant	50	43
Repair plant operating equipment	41	36
Battery vertical repair project	28	25
Modernization of plant operating equipment	21	20
Ore project exploration program	7	7
Security projects, health and environment	5	5
Expansion project - Florestal		3
Other	16	15
	168	154

Main projects in progress - Aluminum ("CBA")	3/31/2017	12/31/2016
Rondon Alumina project	108	107
Revitalization and adequacy of power plant	41	39
Furnace refurbishment	31	22
Automation system modernization	27	25
Plastic transformation and foundry projects	20	19
Furnace rooms project	12	15
Alumina factory project	7	12
Mining projects	5	5
Calcination furnace	5	5
Furnace rooms VIII project	3	3
Project safety, health and environment	1	2
Other	6	3
	266	257

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16 Intangible assets

(a) Breakdown and changes

									1/1/2016 to 3/31/2016	1/1/2017 to 3/31/2017
	Rights over natural resources	Goodwill	ARO (i)	Use of public assets	Contracts, customer relationships and agreements	Software	Rights over trademarks and patents	Other	Total	Total
Opening balance										
Cost	8,694	5,193	873	541	408	548	481	771	17,509	20,864
Accumulated amortization	(2,533)		(505)	(161)	(260)	(422)	(283)	(332)	(4,496)	(4,289)
Net opening balance	6,161	5,193	368	380	148	126	198	439	13,013	16,575
Additions	1					1		10	12	56
Amortization and depletion	(96)		(11)	(5)	(6)	(11)	(6)	(3)	(138)	(147)
Foreign exchange variation	(132)	(186)	(9)		(3)	(2)	(2)	(26)	(360)	(1,108)
Effect of subsidiaries excluded in consolidation										(770)
Reversal for impairment	3								3	
Revision of estimated cash flow			5						5	5
Transfers	34					8			42	60
Closing balance	5,971	5,007	353	375	139	122	190	420	12,577	14,671
Cost	8,550	5,007	861	540	397	551	471	748	17,125	18,899
Accumulated amortization	(2,579)		(508)	(165)	(258)	(429)	(281)	(328)	(4,548)	(4,228)
Net closing balance	5,971	5,007	353	375	139	122	190	420	12,577	14,671
Average annual amortization and depletion rates - %	6		7	6	6	6	10	6		

(i) Asset Retirement Obligation.

17 Borrowing

(a) Breakdown and fair value

Type	Average annual charges (i)	Current		Non-current		Total		Fair value	
		3/31/2017	12/31/2016	3/31/2017	12/31/2016	3/31/2017	12/31/2016	3/31/2017	12/31/2016
Local currency									
Debentures	117,56% CDI	117	252	4,129	3,633	4,246	3,885	4,365	3,936
BNDES	TJLP + 2,67% / 4,77% fixed rate BRL / SELIC + 2,67%	433	453	848	938	1,281	1,391	1,228	1,285
Development promotion agency	8,55% fixed rate BRL / TJLP + 1,22%	40	38	233	243	273	281	256	246
Commercial notes	TR + 12,36%	276	267			276	267	279	266
FINAME	4,88% fixed rate BRL	26	29	107	113	133	142	115	117
Export credit notes	8,00% fixed rate BRL / 118,00% CDI	102	101	100		202	101	204	99
Other		14	13	15	16	29	29	27	24
		1,008	1,153	5,432	4,943	6,440	6,096	6,474	5,973
Foreign currency									
Eurobonds - USD	6,28% fixed rate USD	189	122	9,254	9,518	9,443	9,640	9,639	9,298
Loans - Resolution 4131 (ii)	LIBOR USD + 1,56% / 3,73% fixed rate USD	9	6	2,605	2,663	2,614	2,669	2,603	2,482
Export prepayments	LIBOR USD + 2,07%	195	78	1,988	2,160	2,183	2,238	2,335	1,666
Eurobonds - EUR	3,41% fixed rate EUR	49	26	1,912	1,939	1,961	1,965	1,979	1,954
Syndicated loan/bilateral agreements	Euribor + 2,00% / 7,21% fixed rate	58	38	1,174	1,234	1,232	1,272	1,231	1,416
BNDES	UMBNDDES + 2,51%	110	122	121	150	231	272	230	268
Development promotion agency	LIBOR USD + 1,30%	2	128	4	5	6	133	6	93
Working capital	IBR + 3,22% / 9,25% fixed rate INR / 8,95% fixed rate COP	94	90			94	90	94	89
Other		7	9	21	19	28	28	31	24
		713	619	17,079	17,688	17,792	18,307	18,148	17,290
		1,721	1,772	22,511	22,631	24,232	24,403	24,622	23,263
Current portion of long-term borrowing		1,195	1,358						
Interest on borrowing		431	323						
Short-term borrowing		95	91						
		1,721	1,772						

(i) The average annual charges are presented only for agreements that represent a large share of the total debt amount.

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(ii) Loans relating to Resolution 4131 have swaps that are indexed to both exchange rates (LIBOR and fixed rates for floating CDI rates) and currency (US Dollars for reais), and resulted in a final weighted cost of 104.56% p.a. of the CDI. The borrowing of this type relates to compound financial instruments, contracted as a single product with the financial institution (debt in US Dollars + swap to a % of CDI in reais). The terms and conditions of the loan and derivative instrument are configured as a compound operation, so that the resulting cost is a debt adjusted in CDI in reais. The difference in measurement between the two instruments (loan at amortized cost x derivative at fair value), creates an accounting mismatch in the statement of income. To eliminate this accounting mismatch, some of the borrowing contracts made from August 2015, were designated at fair value, and the effect of this designation is the measurement of debt at fair value through profit or loss, according to Note 27.

Glossary:

BNDES	– National Bank for Economic and Social Development.	SELIC	– Special System for Clearance and Custody.
BRL	– Brazilian Currency (Real).	TJLP	– Long-term interest rate set by the National Monetary Council. The TJLP is the BNDES basic cost of financing.
CDI	– Interbank Deposit Certificate.	TR	– Reference Rate (“Taxa Referencial”)
EUR	– European Union currency (Euro).	UMBNDDES	– Monetary unit of the BNDES reflecting the weighted basket of currencies of foreign currency debt obligations. At March 31, 2017, 99.46% of the basket was comprised of US Dollars.
EURIBOR	– Euro Interbank Offered Rate.	USD	– US Dollar.
FINAME	– Government Agency for Machinery and Equipment Financing.		
HIBOR	– Hong Kong Interbank Offered Rate.		
IBR	– Inter-Bank Rate (Colombia).		
INR	– India Rupee		
LIBOR	– London Interbank Offered Rate.		

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(b) Changes

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Opening balance	24,403	30,531
New borrowing	1,211	1,374
Interest	437	476
Reclassification for liabilities related to assets as held-for-sale	48	
Effect of subsidiaries included in consolidation		4
Addition of borrowing fees, net of amortization	11	13
Fair value adjustment - Resolution 4131	17	(24)
Payments - interest	(313)	(322)
Foreign exchange variation	(499)	(1,788)
Payments - principal	(1,083)	(3,203)
Closing balance	24,232	27,061

(c) New borrowings and amortizations

By means of new borrowing transactions and the early repayment of certain existing debts, the Company has sought to extend the average maturity profile of its borrowing as well as to balance the exposure of its borrowing to different currencies.

In 2017, the main new borrowing transactions carried out were as follows:

- (i) On January 06, 2017, the Company renegotiated the contractual terms of the loan in accordance with Resolution 4131, in the amount of USD 73 (R\$ 235), and has extended the final cost of swaps to 96.90% CDI and has extended the maturity from 2018 due to 2021.
- (ii) On January 10, 2017, the subsidiary VCSA issued the ninth public issue of debentures, with restricted placement amounts, in the amount of R\$ 500 at the cost of 119.9% of the CDI rate and maturing on January 10, 2022.
- (iii) On January 19, 2017, the VSA renegotiated the contractual terms of the third public issue of debentures, in the amount of R\$ 550, and has extended the cost of swaps to 118.90% CDI and extended the maturity from 2018 to January 2022, in the amount of R\$ 69, to January 2023 in the amount of R\$ 241 and to January 2024 in the amount of R\$ 240.
- (iv) On February 24, 2017, the VSA renegotiated the contractual terms of the loan in accordance with Resolution 4131, in the amount of USD 100 (R\$ 321). The Company renegotiated the final cost of swaps to 119.80% CDI and has extended the maturity from 2018 due to 2021.
- (v) On February 24, 2017, the subsidiary VMZ contracted loans in the form of an export credit note, in the amount of R\$ 100, at the cost of 118.0% of CDI and maturing in February 2020.

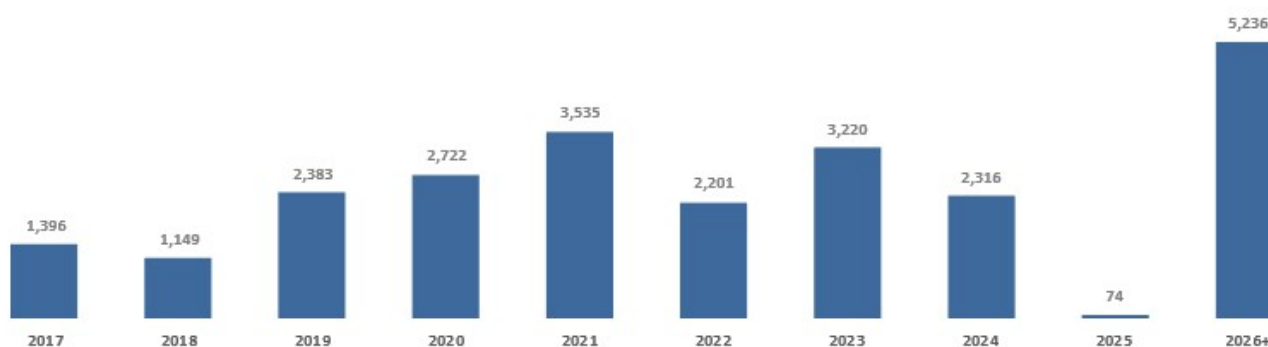
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(d) Breakdown by currency

	Current		Non-current		Total	
	3/31/2017	12/31/2016	3/31/2017	12/31/2016	3/31/2017	12/31/2016
US Dollar	426	369	13,893	14,396	14,319	14,765
Real	1,008	1,153	5,432	4,943	6,440	6,096
Euro	57	32	2,463	2,500	2,520	2,532
Boliviano	1	3	381	392	382	395
Turkish lire	47	27	240	279	287	306
Currencies basket	79	90	80	101	159	191
Other	103	98	22	20	125	118
	1,721	1,772	22,511	22,631	24,232	24,403

(e) Maturity



(f) Breakdown by index

	Current		Non-current		Total	
	3/31/2017	12/31/2016	3/31/2017	12/31/2016	3/31/2017	12/31/2016
Local currency						
CDI	118	252	4,229	3,633	4,347	3,885
TJLP	401	421	739	824	1,140	1,245
Fixed rate	192	196	334	354	526	550
TR	276	267			276	267
SELIC	21	17	130	132	151	149
	1,008	1,153	5,432	4,943	6,440	6,096
Foreign currency						
Fixed rate	346	235	12,631	12,649	12,977	12,884
LIBOR	204	213	4,114	4,671	4,318	4,884
UMBNDDES	110	122	121	150	231	272
EURIBOR	7	5	213	218	220	223
Other	46	44			46	44
	713	619	17,079	17,688	17,792	18,307
	1,721	1,772	22,511	22,631	24,232	24,403

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(g) Collateral

At March 31, 2017, R\$ 9,305 (December 31, 2016 – R\$ 8,828) of the balance of the Company's borrowing was collateralized under promissory notes and sureties and R\$ 174 of the property, plant and equipment items (December 31, 2016 - R\$ 183) were collateralized by liens on the financed assets.

(h) Covenants/financial ratios

Certain loans and financing are subject to compliance with certain financial ratios ("covenants"). When applicable, such obligations are standardized for all loans and financing.

The Company was in compliance with all of these covenants, as applicable.

18 Confirming payable

The Company and the subsidiaries have entered into agreements with financial institutions, aiming to anticipate receivables from suppliers in domestic and foreign markets. In this operation, suppliers transfer the right to receive their accounts receivable related to sales of goods to financial institutions.

Operations - Confirming payable	3/31/2017	12/31/2016
Trade payables - domestic market	374	363
Trade payables - foreign market	635	605
	1,009	968

19 Current and deferred income tax and social contribution
(a) Reconciliation of income tax and social contribution expenses

The current amounts are calculated based on the current rates levied on taxable income, adjusted upwards or downwards by the respective additions and exclusions.

The income tax and social contribution amounts presented in the statements of income for the periods ended March 31 are reconciled to their Brazilian standard rates as follows:

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Profit (loss) before income tax and social contribution	(493)	365
Standard rates	34%	34%
Income tax and social contribution at standard rates	168	(124)
Adjustments for the calculation of income tax and social contribution at effective rates		
Equity	48	114
Differences in the tax rates of foreign subsidiaries	18	(30)
Tax on mining operations	(11)	(2)
Income tax and social contribution losses without recording the deferred amounts, net	(215)	(72)
Deferred exchange gains - effect on the income statement	(31)	
Other additions, net	(29)	(28)
Income tax and social contribution calculated	(52)	(142)
Current	(87)	(115)
Deferred	35	(27)
Income tax and social contribution expenses	(52)	(142)
Effective rate - %	(11%)	39%

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(b) Breakdown of deferred tax balances

	3/31/2017	12/31/2016
Tax credits on tax losses	2,026	1,868
Tax credits on temporary differences		
Estimation for losses on investments, fixed and intangible assets	1,146	1,102
Foreign exchange gains	1,049	1,496
Tax, civil and labor provision	579	545
Tax benefit on goodwill	263	263
Deferred losses on derivative instruments	193	109
Use of public assets	176	178
Asset retirement obligation	173	170
Environmental liabilities	103	106
Estimation for inventory losses	80	77
Estimation for asset disposals	11	7
Other tax credits	297	313
Tax debits on temporary differences		
Market value adjustments to property, plant and equipment	(1,599)	(1,669)
Accelerated depreciation and adjustment of useful lives	(1,395)	(1,367)
Goodwill amortization	(346)	(337)
Financial instruments - firm commitment	(160)	(234)
Market value Citrosuco	(145)	(148)
Capitalized interest	(134)	(133)
Fair value adjustments	(117)	(112)
Adjustment to present value	(56)	(57)
Pension funds	(42)	(42)
Asset retirement obligation	(24)	(25)
Borrowing costs	(3)	(4)
Other tax debits	(29)	(34)
Net	2,046	2,072
Net deferred tax assets related to the same legal entity	3,925	4,055
Net deferred tax liabilities related to the same legal entity	(1,879)	(1,983)

(c) Effects of deferred income tax and social contribution on the profit for the period and comprehensive income

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Opening balance	2,072	2,004
Effects on the results of the quarter	35	(27)
Deferred income tax and social contribution on hedge accounting	(90)	(469)
Effects of foreign exchange variation in other comprehensive income	29	66
Effect of subsidiaries included in the consolidation		19
Closing balance	2,046	1,593

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20 Deferred revenue - obligation for performance

In December 2014, the subsidiary Votener assigned to a financial institution the receivables with up to December 2019 maturity due to contracts for Electrical Energy Trading in the Regulated Environment. This operation amounted to R\$ 1,253, with no right of return and without the Company holding joint liability. For the assignment of receivables, Votener received a total amount of R\$ 905, and the interest to be appropriated is being recognized pro rata to income over the term of the contract.

In May 2015, Votener carried out a second credit assignment operation, without any right of return and without the Company holding joint liability, totaling R\$ 368. For the assignment of receivables, Votener received the total amount of R\$ 251, and the interest to be appropriated is being recognized pro rata to income over the term of the contract.

As the physical delivery of energy occurs, Votener proportionally recognizes the revenue from the sale of these receivables. The updated amount of these operations as at March 31, 2017 was R\$ 701 (December 31, 2016 – R\$ 759).

21 Provision
(a) Breakdown and changes

	1/1/2017 to 3/31/2017					1/1/2016 to 3/31/2016	
	Legal claims					Total	Total
	ARO (i)	Tax	Labor	Civil	Other	Total	Total
Opening balance	1,035	725	176	372	38	2,346	2,189
Present value adjustment	14					14	16
Additions	1	55	52	50	6	164	78
Reversals		(19)	(37)	(34)	(2)	(92)	(108)
Judicial deposits, net of write-offs		(10)	(17)	(96)		(123)	(18)
Settlement with cash	(8)	(5)	(13)	(8)	(1)	(35)	(25)
Settlement with compensation of judicial deposits		(1)				(1)	(5)
Effect of subsidiaries included in consolidation							79
Monetary restatement	1	30	3	9		43	46
Foreign exchange variation	(10)			(1)		(11)	(59)
Revision of estimated cash flow							(1)
Closing balance	1,033	775	164	292	41	2,305	2,192

(i) Asset Retirement Obligation.

(b) Provision for tax, civil, labor, other contingencies and outstanding judicial deposits

	3/31/2017				12/31/2016			
	Judicial deposits	Provision	Net amount	Outstanding judicial deposits (i)	Judicial deposits	Provision	Net amount	Outstanding judicial deposits (i)
Tax	(572)	1,347	775	219	(562)	1,287	725	214
Civil	(111)	403	292	11	(15)	387	372	104
Labor	(114)	278	164	106	(97)	273	176	99
Other		41	41	5		38	38	3
	(797)	2,069	1,272	341	(674)	1,985	1,311	420

(i) The Company has balances deposited in relation to lawsuits classified by management, following the directions of the Company's legal counsel, as remote or possible loss and, therefore, they are made without respective provision.

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(c) Litigation with likelihood of loss considered possible

The Company is party to litigations involving a risk of possible loss, to which there is no constituted provision, as detailed below.

	3/31/2017	12/31/2016
Tax	7,953	7,500
Civil	7,897	7,227
Environmental	488	487
Labor and social security	450	355
	16,788	15,569

(c.1) Comments on contingent tax and public rights liabilities with likelihood of loss considered possible

The contingent liabilities relating to tax lawsuits in progress with a likelihood of loss considered possible, for which no provision has been recorded, are commented on below. In the table below we present the materiality of these lawsuits:

Nature	3/31/2017	12/31/2016
ICMS Credit utilization	775	757
Tax assessment notice – IRPJ/CSLL (i)	661	828
Compensation for exploration for mineral resources	583	564
Disallowances of PIS/COFINS credits	468	425
Disallowance of IRPJ negative balance	342	340
Tax assessment notice – ICMS	301	284
Offset of tax loss – 30% limit (merger)	276	271
ICMS – transfer costs	229	225
IRPJ/CSLL – Transfer costs	226	222
IRPJ/CSLL – Profits abroad	176	172
IRPJ/CSLL – Deduction of expenses	89	86
ICMS requirement on TUSD	24	23
Other lawsuits of individual amounts lower than R\$ 100	3,804	3,303
	7,953	7,500

(i) Tax assessment notice – “IRPJ/CSLL”

In April 2015, the Company was assessed by the Federal Revenue of Brazil demanding payment of income tax and social contribution due to the disallowance of the deductibility of expenses under the “REFIS” (Law 11,941/09) made in the 2010 calendar year. The objection was judged valid by the “DRJ” and the tax credit was dismissed. On December 15, 2016, the Company was informed about the non-appeal filed by the National Treasury, which made the decision that exempted the tax credit definitive. The decision is awaiting filing, and therefore the amount of R\$ 185 was reversed.

For the other processes, there were no changes compared to Note 23 (e.1) to the last annual financial statements.

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(c.2) Comments on contingent civil liabilities with likelihood of loss considered possible

Nature	3/31/2017	12/31/2016
Public civil suit – Violation of the economic order	3,703	3,630
Administrative investigations carried out by the Secretariat of Economic Law	2,176	2,128
Litigation with a São Paulo transportation company	181	179
Indemnity lawsuits	43	57
Other lawsuits	1,794	1,233
	7,897	7,227

There were no material changes in relation to those detailed in Note 23 (e.3) to the last annual financial statements.

22 Equity

(a) Share capital

On March 31, 2017 and December 31, 2016, the fully subscribed and paid-up capital of the Company was R\$ 28,656, consisting of 18,278,789 thousand common shares.

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(b) Carrying value adjustments

	Currency translation of investees located abroad	Hedge accounting for net investments abroad, net of taxes	Hedge accounting for the operations of subsidiaries	Fair value of financial assets available-for-sale of	Other comprehensive income	Total
At January 1, 2016	10,757	(6,598)	(82)	2	(1,112)	2,967
Other comprehensive income						
Currency translation of investees located abroad	(2,163)					(2,163)
Hedge accounting for net investments abroad, net of taxes		1,020				1,020
Hedge accounting for the operations of subsidiaries			43			43
Remeasurement of retirement benefits				1		1
Fair value of financial assets available-for-sale of non-consolidated investments					181	181
Realization of comprehensive income on disposals of investments	(44)					(44)
Share in other comprehensive income of investees					(43)	(43)
At March 31, 2016	8,550	(5,578)	(39)	3	(974)	1,962
At January 1, 2017	6,204	(4,565)	(30)	(35)	(319)	1,255
Other comprehensive income						
Currency translation of investees located abroad	(601)					(601)
Hedge accounting for net investments abroad, net of taxes		240				240
Hedge accounting for the operations of subsidiaries			(66)			(66)
Remeasurement of retirement benefits				(1)		(1)
Fair value of financial assets available-for-sale of non-consolidated investments					(12)	(12)
Realization of comprehensive income on disposals of investments	(3)					(3)
Share in other comprehensive income of investees					19	19
At March 31, 2017	5,600	(4,325)	(96)	(36)	(312)	831

23 Net revenue

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Gross revenue		
Sales of products - domestic market	3,216	3,416
Sales of products - foreign market	2,935	3,194
Supply of electric energy	657	600
Services provided	110	156
Financial intermediation revenue		7
	6,918	7,373
Taxes on sales, services and other deductions	(1,073)	(1,127)
Net revenue	5,845	6,246

24 Expenses by nature

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Raw materials, inputs and consumables	3,287	3,470
Employee benefit expenses	1,014	1,143
Depreciation, amortization and depletion	606	688
Outsourced services	330	337
Transportation expenses	233	249
Other expenses	65	131
	5,535	6,018
Reconciliation		
Cost of products sold and services rendered	4,680	5,096
Selling expenses	349	415
General and administrative expenses	506	507
	5,535	6,018

25 Employee benefit expenses

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Salaries and bonuses	613	671
Payroll charges	248	316
Benefits	153	156
	1,014	1,143

26 Other operating income (expenses), net

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Financial instrument - firm commitment (i)	(212)	(40)
Reversal (constitution) for impairment of investments, fixed and intangible assets	(104)	10
Provision	(72)	30
Gain (loss) on sale of fixed and intangible assets, net	(24)	38
Spending on not activatable projects	(23)	(17)
Loss on hedge	(17)	(16)
Tax benefits	21	17
Income from rentals and leasing	18	6
Gain on sale of investments, net (ii)		302
Other expenses, net	(41)	(60)
	(454)	270

(i) The realization of the financial instrument is recorded against the sales revenue, in accordance with the physical delivery of energy (Note 13).

(ii) Relates mainly to the sale of the indirect investee Sirama for the amount of R\$ 293, and the sale of the stake that the Company and the subsidiary VCSA held in Candiota Mining Ltda., amounting to R\$ 4.

27 Finance results, net

	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
Finance income		
Income from financial investments	170	197
Interest on financial assets	41	38
Monetary updating of assets	38	34
Fair value of borrowings	18	59
Discounts obtained	15	7
Interest on related-party transactions (Note 14)	3	9
Discount on repurchase of bonds		149
Other finance income	8	8
	293	501
Finance costs		
Interest on borrowing	(437)	(459)
Capitalization of borrowing costs	17	15
Monetary restatement of provision	(41)	(32)
Fair value of loans and financing	(35)	(36)
Interest on anticipation of receivables	(25)	(26)
Adjustment to present value CPC 12	(18)	(11)
Borrowing fees	(14)	
Interest and monetary restatement - use of public assets	(13)	(49)
"PIS/COFINS" on financial results	(11)	
Income tax on remittances of interest abroad	(9)	(9)
Discounts granted	(2)	(17)
Interest on related-party transactions (Note 14)	(7)	
Other finance costs	(46)	(85)
	(641)	(709)
Result of derivative financial instruments (Note 5.3 (b))		
Revenue		102
Expenses	(168)	(606)
	(168)	(504)
Foreign exchange variation, net	26	244
Finance results, net	(490)	(468)

28 Insurance

The Company and its subsidiaries maintain property risk insurance coverage amounting to R\$ 52,670 and for loss of income amounting to R\$ 7,364 at March 31, 2017. The Company's management considers these amounts sufficient to cover eventual property risks and loss of profits.

29 Assets and liabilities classified as held-for-sale

The Company began to negotiate its long steel operations in Brazil, which are conducted by the subsidiary VS. and, as a result, the assets and liabilities of these operations were classified as held-for-sale. Briefly, the balances are:

	Assets	Liabilities
Assets classified as held-for-sale - long steel Brazil	2,125	1,522
Net investment		603

In compliance with the accounting rules for assets classified as held-for-sale, the Company carried out the valuation of the long steel operations in Brazil at their fair value and recognized an impairment of R\$ 988, which was recorded as an expense in "Other operating income, net". The tax effects, in the amount of R\$ 336, related to deferred income tax and social contribution were recognized in the respective income statement accounts and, therefore, the net effect was R\$ 652.

In the first quarter of 2017, VSA contributed, in the amount of R\$ 130, in the share capital in VS. As this contribution will not be subject to adjustment in the negotiation, this amount was classified as a reduction of assets classified as held-for-sale and expenses for impairment under "Other operating income (expenses), net". The tax effects, in the amount of R\$ 44, related to deferred income tax and social contribution were recognized in the respective income statement accounts and, therefore, the net effect was R\$ 86.

Operating losses of the long steel operation in the amount of R\$ 79, at March, 31, 2016, were retained in the statement of income and reclassified from "Continuing operations" to "Discontinued operations".

Considering that the asset classified as held-for-sale is valued at its fair value, the loss for the quarter, in the amount of R\$ 74, ended on March 31, 2017, is considered in the assets and liabilities balances classified as held-for-sale and, consequently, did not affect the statement income of this quarter.

30 Supplemental information – Business segments

In order to provide a higher level of information, the Company has elected to disclose financial information by business segment. The following information refers to the division of VSA by business segments and considers the elimination of balances and transactions between companies before: (i) the eliminations between business segments; (ii) the elimination of investments held by the holding companies.

In addition, the eliminations and reclassifications among companies are highlighted, so that the net result corresponds to the consolidated financial information of VSA disclosed as supplemental information. This supplementary information is not intended to be in compliance with and is not required by accounting practices adopted in Brazil or by IFRS.

(a) Capital management

The financial leverage ratios are calculated according to the information of the industrial segments, considering the accumulated result of 12 months, as loan covenants, and are summarized as follows:

	Note	Industrial segments	
		1/4/2016 a 31/3/2017	1/4/2015 a 31/3/2016
Adjusted EBITDA			
Profit (loss) for the period		(1,939)	(1,250)
Plus (less):			
Equity in the results of investees - continuing operations		(590)	(787)
Equity in the results of investees - discontinued operations		(9)	(18)
Net financial results - continuing operations		1,786	1,759
Net financial results - discontinued operations		55	84
Income and social contribution taxes - continuing operations		(483)	(395)
Income and social contribution taxes - discontinued operations		(2)	3
Depreciation, amortization and depletion - continuing operations		2,582	2,664
Depreciation, amortization and depletion - discontinued operations		95	124
EBITDA before other additions and exceptional items		1,495	2,184
Plus :			
Dividends received		207	188
Extraordinary items			
EBITDA - discontinued operations		50	75
Gain on sale of investments, net		(10)	(312)
Impairment - property, plant, equipment		1,129	1,120
Impairment of investments		1,161	1,031
Fair value of biological assets		8	(2)
Other		1	1
Adjusted annualized EBITDA (A)		4,041	4,285
Net debt			
Borrowing	19	24,232	24,403
Cash and cash equivalents, financial investments and derivative financial instruments		(8,405)	(9,691)
Net debt (B)		15,827	14,712
Gearing ratio (A/B)		3.92	3.43

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(b) Balance sheet – business segments

										3/31/2017
	Cement	Zinc and byproducts ("VMH")	Aluminum ("CBA")	Steel (*)	Holding and other	Eliminations and reclassifications	Total, industrial segments	Votorantim Finanças	Eliminations and reclassifications	Total, consolidated
Assets										
Current										
Cash and cash equivalents, financial investments and derivative financial instruments	3,511	3,362	933	100	1,223		9,129	107		9,236
Trade receivables	902	332	378	238	684	(323)	2,211			2,211
Inventory	1,488	914	579	315	101		3,397			3,397
Taxes recoverable	272	368	330	41	181		1,192	83		1,275
Dividends receivable			50		411	(292)	169	51	(41)	179
Financial instruments - firm commitment			135		116		251			251
Other assets	306	99	44	16	66	21	552			552
	6,479	5,075	2,449	710	2,782	(594)	16,901	241	(41)	17,101
Assets classified as held-for-sale	7				2,118		2,125			2,125
	6,486	5,075	2,449	710	4,900	(594)	19,026	241	(41)	19,226
Non-current assets										
Long-term receivables										
Financial investments and derivative financial instruments	34		1		141		176			176
Taxes recoverable	593	84	677	8	437		1,799			1,799
Related parties	69	1,252	361	12	2,874	(4,044)	524			524
Deferred income tax and social contribution	1,037	652	817	23	1,112	264	3,905	20		3,925
Judicial deposits	214	36	42	1	48		341			341
Financial instruments - firm commitment			190		30		220			220
Other assets	469	48	19	3	158		697			697
	2,416	2,072	2,107	47	4,800	(3,780)	7,662	20		7,682
Investments	1,040	1	931		31,332	(20,193)	13,111	4,764	(4,816)	13,059
Property, plant and equipment	12,513	5,430	4,361	931	1,667		24,902	1		24,903
Biological assets			4	6	56		66			66
Intangible assets	5,791	6,593	627	69	307	(810)	12,577			12,577
	21,760	14,096	8,030	1,053	38,162	(24,783)	58,318	4,785	(4,816)	58,287
Total assets	28,246	19,171	10,479	1,763	43,062	(25,377)	77,344	5,026	(4,857)	77,513

(*) Relates to long steel operations abroad (Argentina and Colombia).

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	3/31/2017									
	Cement	Zinc and byproducts ("VMH")	Aluminum ("CBA")	Steel (*)	Holding and other	Eliminations and reclassifications	Total, industrial segments	Votorantim Finanças	Eliminations and reclassifications	Total, consolidated
Liabilities and equity										
Current liabilities										
Borrowing	778	283	273	48	339		1,721			1,721
Derivative financial instruments	160	112	166		46		484			484
Confirming payable	538	383		38	50		1,009			1,009
Trade payables	849	733	407	172	445	(299)	2,307			2,307
Salaries and payroll charges	259	143	72	22	43		539			539
Taxes payable	233	64	30	60	58		445			445
Advances from customers	35	7	14	127	3		186			186
Dividends payable	247	6	10		86	(292)	57	41	(41)	57
Use of public assets	31	5	28		4		68			68
Related parties			196			(196)				
Deferred revenue - performance obligation					244		244			244
Other	353	130	44	33	86		646	1		647
	3,483	1,866	1,240	500	1,404	(787)	7,706	42	(41)	7,707
Liabilities related to assets as held-for-sale	17				1,505		1,522			1,522
	3,500	1,866	1,240	500	2,909	(787)	9,228	42	(41)	9,229
Non-current liabilities										
Borrowing	14,648	3,374	2,486	5	1,998		22,511			22,511
Derivative financial instruments	333				82		415			415
Deferred income tax and social contribution	480	1,017	1		213		1,711	168		1,879
Related parties	55	823	2,011	535	452	(3,841)	35			35
Provision	908	703	480	90	124		2,305			2,305
Use of public assets	470	73	522		53		1,118			1,118
Pension plan	175			138			313			313
Financial instruments - firm commitment	5						5			5
Deferred revenue - performance obligation					457		457			457
Other	204	943	62	106	96		1,411			1,411
	17,278	6,933	5,562	874	3,475	(3,841)	30,281	168		30,449
Total liabilities	20,778	8,799	6,802	1,374	6,384	(4,628)	39,509	210	(41)	39,678
Equity										
Total equity attributable to owners of the Company	6,888	6,477	3,677	276	36,678	(18,841)	35,155	4,816	(4,816)	35,155
Non-controlling interests	580	3,895		113		(1,908)	2,680			2,680
Total equity	7,468	10,372	3,677	389	36,678	(20,749)	37,835	4,816	(4,816)	37,835
Total liabilities and equity	28,246	19,171	10,479	1,763	43,062	(25,377)	77,344	5,026	(4,857)	77,513

(*) Relates to long steel operations abroad (Argentina and Colombia).

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(c) Statement of income – business segments

	1/1/2017 to 3/31/2017									
	Cement	Zinc and byproducts ("VMH")	Aluminum ("CBA")	Steel (**)	Holding and other	Eliminations and reclassifications	Total, industrial segments	Votorantim Finanças	Eliminations and reclassifications	Total, consolidated
Continuing operations										
Net revenue from products sold and services rendered	2,388	1,640	1,047	363	1,080	(673) (*)	5,845			5,845
Cost of products sold and services rendered	(1,993)	(1,210)	(932)	(303)	(915)	673 (*)	(4,680)			(4,680)
Gross profit	395	430	115	60	165		1,165			1,165
Operating income (expenses)										
Selling	(240)	(65)	(17)	(20)	(7)		(349)			(349)
General and administrative	(218)	(118)	(39)	(26)	(100)		(501)	(5)		(506)
Other operating income (expenses), net	(13)	(69)	(132)	4	(244)		(454)			(454)
	(471)	(252)	(188)	(42)	(351)		(1,304)	(5)		(1,309)
Operating profit (loss) before equity results and finance results	(76)	178	(73)	18	(186)		(139)	(5)		(144)
Result from equity investments										
Equity in the results of investees	28		33		(224)	301	138	(33)	33	138
Realization of other comprehensive income on disposal of investments	3						3			3
	31		33		(224)	301	141	(33)	33	141
Finance results, net										
Finance income	157	29	41	3	92	(34)	288	5		293
Finance costs	(371)	(68)	(103)	(20)	(113)	34	(641)			(641)
Result of derivative financial instruments	(108)				(60)		(168)			(168)
Foreign exchange gains (losses), net	53	3	120	5	(35)	(120)	26			26
	(269)	(36)	58	(12)	(116)	(120)	(495)	5		(490)
Profit (loss) before income tax and social contribution	(314)	142	18	6	(526)	181	(493)	(33)	33	(493)
Income tax and social contribution										
Current	(16)	(26)	(3)	(14)	(28)		(87)			(87)
Deferred	102	(26)	(188)	6	100	41	35			35
Profit (loss) from continuing operations	(228)	90	(173)	(2)	(454)	222	(545)	(33)	33	(545)
Discontinued operations										
Loss from discontinued operations	(1)						(1)			(1)
Profit (loss) for the quarter	(229)	90	(173)	(2)	(454)	222	(546)	(33)	33	(546)
Profit (loss) attributable to the owners of the Company	(238)	65	(173)	(5)	(454)	232	(573)	(33)	33	(573)
Profit (loss) attributable to non-controlling interests	9	25		3		(10)	27			27
Profit (loss) for the quarter	(229)	90	(173)	(2)	(454)	222	(546)	(33)	33	(546)

(*) Relates to the net revenue from electric energy operations (Votoneer and Santa Cruz Energia).

(**) Relates to long steel operations abroad (Argentina and Colombia).

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	1/1/2016 to 3/31/2016										
	Cement	Zinc and byproducts ("VMH")	Aluminum ("CBA")	Steel (***)	Nickel (**)	Holding and other	Eliminations and reclassifications	Total, industrial segments	Votorantim Finanças	Eliminations and reclassifications	Total, consolidated
Continuing operations											
Net revenue from products sold and services rendered	2,771	1,512	960	420	217	1,040	(681) (*)	6,239	7		6,246
Cost of products sold and services rendered	(2,207)	(1,220)	(810)	(318)	(281)	(941)	681 (*)	(5,096)			(5,096)
Gross profit (loss)	564	292	150	102	(64)	99		1,143	7		1,150
Operating income (expenses)											
Selling	(271)	(81)	(27)	(22)	(3)	(11)		(415)			(415)
General and administrative	(221)	(97)	(36)	(33)	(25)	(88)		(500)	(4)		(504)
Other operating income (expenses), net	352	(14)	(64)	4	(57)	44		265	2		267
	(140)	(192)	(127)	(51)	(85)	(55)		(650)	(2)		(652)
Operating profit (loss) before equity results and finance results	424	100	23	51	(149)	44		493	5		498
Result from equity investments											
Equity in the results of investees	26		49		5	680	(466)	294	(40)	37	291
Realization of other comprehensive income on disposal of investments	44							44			44
	70		49		5	680	(466)	338	(40)	37	335
Finance results, net											
Finance income	369	14	34	10	15	90	(31)	501			501
Finance costs	(459)	(46)	(109)	(21)	(22)	(83)	31	(709)			(709)
Result of derivative financial instruments	(399)	(3)	2		(3)	(101)		(504)			(504)
Foreign exchange gains (losses), net	205	247	255	(5)	136	58	(652)	244			244
	(284)	212	182	(16)	126	(36)		(468)			(468)
Profit (loss) before income tax and social contribution	210	312	254	35	(18)	688	(1,118)	363	(35)	37	365
Income tax and social contribution											
Current	(26)	(39)	(16)	(24)		(9)		(114)	(1)		(115)
Deferred	(43)	(106)	(75)	4		18	176	(26)	(1)		(27)
Profit (loss) for the quarter from continuing operations	141	167	163	15	(18)	697	(942)	223	(37)	37	223
Discontinued operations											
Loss from continuing operations						(79)		(79)			(79)
Profit (loss) attributable to the owners of the Company	137	165	163	18	(18)	618	(935)	148	(37)	37	148
Profit (loss) attributable to non-controlling interests	4	2		(3)			(7)	(4)			(4)
Profit (loss) for the quarter	141	167	163	15	(18)	618	(942)	144	(37)	37	144

(*) Relates to the net revenue from electric energy operations (Votoner and Santa Cruz Energia).

(**) Corresponds to the period between January 1 and June 30, 2016, as VMSA was merged into CBA on July 1, 2016 (Note 1.1 (d)).

(***) Relates to long steel operations abroad (Argentina and Colombia).

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(d) Adjusted EBITDA – business segments

	1/1/2017 to 3/31/2017								
	Cement	Zinc and byproducts ("VMH")	Aluminum ("CBA")	Steel (***)	Holding and other	Eliminations and reclassifications	Total, industrial segments	Votorantim Finanças	Total, consolidated
Net revenue from products sold and services rendered	2,388	1,640	1,047	363	1,080	(673) (*)	5,845		5,845
Cost of products sold and services rendered	(1,993)	(1,210)	(932)	(303)	(915)	673 (*)	(4,680)		(4,680)
Gross profit	395	430	115	60	165		1,165		1,165
Operating income (expenses)									
Selling	(240)	(65)	(17)	(20)	(7)		(349)		(349)
General and administrative	(218)	(118)	(39)	(26)	(100)		(501)	(5)	(506)
Other operating income (expenses), net	(13)	(69)	(132)	4	(244)		(454)		(454)
	(471)	(252)	(188)	(42)	(351)		(1,304)	(5)	(1,309)
Operating profit (loss) before equity results and finance results	(76)	178	(73)	18	(186)		(139)	(5)	(144)
Plus:									
Depreciation, amortization and depletion - continuing operations	262	214	77	26	27		606		606
EBITDA	186	392	4	44	(159)		467	(5)	462
Plus:									
Dividends received	22						22		22
Exceptional items									
Constitution (reversal) for impairment - fixed assets	(9)		8		130		129		129
Energy assets compensation		37			(37)				
Fair value of biological assets					7		7		7
Adjusted EBITDA	199	429	12	44	(59)		625	(5)	620

(*) Relates to the net revenue from electric energy operations (Votoner and Santa Cruz Energia).

(**) Relates to long steel operations abroad (Argentina and Colombia).

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	1/1/2016 to 3/31/2016									
	Cement	Zinc and byproducts ("VMH")	Aluminum ("CBA")	Steel (***)	Nickel (**)	Holding and other	Eliminations and reclassifications	Total, industrial segments	Votorantim Finanças	Total, consolidated
Net revenue from products sold and services rendered	2,771	1,512	960	420	217	1,040	(681) (*)	6,239	7	6,246
Cost of products sold and services rendered	(2,207)	(1,220)	(810)	(318)	(281)	(941)	681 (*)	(5,096)		(5,096)
Gross profit (loss)	564	292	150	102	(64)	99		1,143	7	1,150
Operating income (expenses)										
Selling	(271)	(81)	(27)	(22)	(3)	(11)		(415)		(415)
General and administrative	(221)	(97)	(36)	(33)	(25)	(88)		(500)	(4)	(504)
Other operating income (expenses), net	352	(14)	(64)	4	(57)	44		265	2	267
	(140)	(192)	(127)	(51)	(85)	(55)		(650)	(2)	(652)
Operating profit (loss) before equity results and finance results	424	100	23	51	(149)	44		493	5	498
Plus:										
Depreciation, amortization and depletion - continuing operations	266	261	80	33	18	30		688		688
EBITDA	690	361	103	84	(131)	74		1,181	5	1,186
Plus:										
Dividends received	3							3		3
Exceptional items										
Loss (gain) on sale of investments, net	(297)	(2)	24			(27)		(302)		(302)
Constitution (reversal) for impairment - fixed assets	(8)	(2)	1		(1)			(10)		(10)
Fair value of biological assets				(3)				(3)		(3)
Adjusted EBITDA	388	357	128	81	(132)	47		869	5	874

(*) Relates to the net revenue from electric energy operations (Votoner and Santa Cruz Energia).

(**) Corresponds to the period between January 1 and June 30, 2016, as VMSA was merged into CBA on July 1, 2016 (Note 1.1 (d)).

(***) Relates to long steel operations abroad (Argentina and Colombia).

31 Subsequent events

On April 25, 2017, the Company decided, at the Extraordinary General Meeting, to increase the share capital in the investee VS, amounting to R\$ 40.

On April 28, 2017, the subsidiary VMZ contracted borrowing in the form of an export credit note in the amount of R\$ 100, at a cost of 119.9% of the CDI rate and maturing on April 28, 2020.

On April 28, 2017, the subsidiary VMZ issued bonds in the international market in the amount of USD 700, maturing in 2027 and with coupon of 5.375%. The operation is guaranteed by the subsidiaries Cajamarquilla, Companhia Minera Milpo S.A.A and VMZ.

In May 2017, the subsidiary VCEAA signed a sale proposal agreement for the assets of the companies Hua Wo Cement Co. Ltd. (Shandong) and Hua Wo Cement Co. Ltd. (Huai'na), both located in China. The net selling price of this transaction is estimated to be EUR 30.