



# Votorantim

Votorantim S.A. (formerly known  
as Votorantim Industrial S.A.)

Consolidated condensed interim  
financial statements at  
June 30, 2016  
and report on review

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## **Report on review of interim consolidated condensed 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 (formerly Votorantim Industrial S.A.) and its subsidiaries (the “Company”), as at June 30, 2016 and the related consolidated condensed statements of income, comprehensive income, cash flows for the quarter and six-month period then ended, and the consolidated condensed statement of changes in equity for the six-month period 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 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, of 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 in 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.



Votorantim S.A.

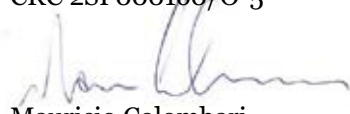
### **Conclusion**

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 are not prepared, in all material respects, in accordance with accounting standard CPC 21 and IAS 34.

Curitiba, August 8, 2016



PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5



Mauricio Colombari  
Contador CRC 1SP195838/O-3

## Interim consolidated condensed balance sheet

All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	6/30/2016	12/31/2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	5,359	6,649
Financial investments	8	2,988	3,936
Derivative financial instruments	5.3	170	180
Trade receivables	9	2,374	2,745
Inventory	10	3,666	3,888
Taxes recoverable	11	1,430	1,376
Dividends receivable	12	9	42
Financial instruments - firm commitment	13	305	341
Other assets		551	767
		16,852	19,924
Assets classified as held-for-sale	1 (ii)	35	414
		16,887	20,338
<b>Non-current assets</b>			
<b>Long-term receivables</b>			
Financial investments	8	38	36
Derivative financial instruments	5.3	426	762
Taxes recoverable	11	1,711	1,315
Related parties	12	1,121	3,188
Deferred income tax and social contribution	19 (b)	3,201	4,065
Judicial deposits	21 (b)	434	349
Financial instruments - firm commitment	13	579	627
Other assets		748	515
		8,258	10,857
Investments	14	12,851	5,174
Property, plant and equipment	15	27,545	29,276
Biological assets		132	81
Intangible assets	16	13,482	16,575
		62,268	61,963
<b>Total assets</b>		<b>79,155</b>	<b>82,301</b>

## Interim consolidated condensed balance sheet

All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	6/30/2016	12/31/2015
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Borrowing	17	1,942	2,616
Derivative financial instruments	5.3	520	476
Trade payables		2,879	3,179
Confirmed payables	18	784	1,083
Salaries and payroll charges		727	918
Taxes payable		448	502
Advances from clients		179	242
Dividends payable	12	59	162
Use of public assets		63	61
Financial instruments - firm commitment	13	8	
Other liabilities		886	958
		8,495	10,197
<b>Non-current liabilities</b>			
Borrowing	17	22,666	27,915
Derivative financial instruments	5.3	592	2
Deferred income tax and social contribution	19 (b)	1,897	2,061
Related parties	12	94	1,216
Tax, civil, labor and other provision	21	2,171	2,189
Use of public assets		1,126	1,064
Pension plan		260	305
Financial instruments - firm commitment	13	24	81
Deferred revenue - performance obligation	20	885	1,048
Other liabilities		285	225
		30,000	36,106
<b>Total liabilities</b>		<b>38,495</b>	<b>46,303</b>
<b>Equity</b>			
Share capital	22 (a)	28,656	21,419
Revenue reserves		7,549	7,436
Retained earnings		402	
Carrying value adjustments		1,157	2,967
<b>Total equity attributable to owners of the Company</b>		<b>37,764</b>	<b>31,822</b>
Non-controlling interests		2,896	4,176
<b>Total equity</b>		<b>40,660</b>	<b>35,998</b>
<b>Total liabilities and equity</b>		<b>79,155</b>	<b>82,301</b>

## Interim consolidated condensed statement of income

Periods ended June 30  
All amounts in millions of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	4/1/2016 to 6/30/2016	4/1/2015 to 6/30/2015	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
<b>Continuing operations</b>					
Net revenue from products sold and services rendered	23	7,566	7,877	14,291	15,015
Cost of products sold and services rendered	24	(5,803)	(5,855)	(11,300)	(11,283)
<b>Gross profit</b>		1,763	2,022	2,991	3,732
<b>Operating income (expenses)</b>					
Selling	24	(482)	(427)	(979)	(859)
General and administrative	24	(533)	(532)	(1,078)	(1,049)
Other operating income (expenses), net	26	(136)	20	123	34
		(1,151)	(939)	(1,934)	(1,874)
<b>Operating profit before equity results and finance results</b>		612	1,083	1,057	1,858
<b>Result from equity investments</b>					
Equity in the results of investees	14	300	263	600	114
Realization of other comprehensive income on disposal of investments	1 (ii)			44	
		300	263	644	114
<b>Finance results, net</b>					
	27				
Finance income		336	276	845	487
Finance costs		(711)	(793)	(1,440)	(1,424)
Derivative financial instruments		(500)	(65)	(1,070)	131
Foreign exchange losses, net		284	19	577	(158)
		(591)	(563)	(1,088)	(964)
<b>Profit before income tax and social contribution</b>		321	783	613	1,008
<b>Income tax and social contribution</b>					
	19 (a)				
Current		(192)	(215)	(306)	(423)
Deferred		189	37	156	88
<b>Profit for the period from continuing operations</b>		318	605	463	673
<b>Discontinued operations</b>					
Loss for the period from discontinued operations			(5)	(1)	(5)
<b>Profit for the period</b>		318	600	462	668
Profit attributable to the owners of the Company		254	563	402	611
Profit attributable to non-controlling interests		64	37	60	57
<b>Profit for the period</b>		318	600	462	668
Weighted average number of shares - thousands		18,278,789	17,814,608	18,278,789	17,814,608
Basic and diluted earnings per thousand shares, in reais		13.90	31.60	21.99	34.30
From continuing operations:					
Basic and diluted earnings per thousand shares, in reais		13.90	31.88	22.04	34.58
From discontinued operations:					
Basic and diluted loss per thousand shares, in reais			(0.28)	(0.05)	(0.28)

## Interim consolidated condensed statement of comprehensive income

Periods ended June 30  
All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	4/1/2016 to 6/30/2016	4/1/2015 to 6/30/2015	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
<b>Profit for the period</b>		318	600	462	668
<b>Other components of comprehensive income to be subsequently reclassified to profit or loss</b>					
Foreign exchange variation on investments abroad		(2,951)	(736)	(5,515)	2,823
Hedge accounting for net investments abroad, net of taxes	5.4	1,207	229	2,227	(1,274)
Hedge accounting for the operations of subsidiaries		50	81	93	37
Fair value of financial assets available for sale		43		224	
Realization of comprehensive income on disposal of investment				(44)	
Share in other comprehensive income of investees		(17)	(2)	(59)	12
		(1,668)	(428)	(3,074)	1,598
<b>Other components of comprehensive income that will not be reclassified to profit or loss</b>					
Remeasurement of retirement benefits, net of taxes		2	(1)	3	(4)
<b>Other comprehensive income for the period</b>		(1,666)	(429)	(3,071)	1,594
<b>Total comprehensive income for the period</b>		(1,348)	171	(2,609)	2,262
<b>Comprehensive income from</b>					
Continuing operations		(1,348)	176	(2,608)	2,267
Discontinued operations			(5)	(1)	(5)
		(1,348)	171	(2,609)	2,262
<b>Comprehensive income attributable to</b>					
Owners of the Company		(1,122)	280	(1,979)	1,700
Non-controlling interests		(226)	(109)	(630)	562
		(1,348)	171	(2,609)	2,262



## Interim consolidated condensed statement of changes in equity

Semesters ended June 30  
All amounts in millions of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Attributable to the owners of the Company						Total	Non-controlling interests	Total equity
		Share capital	Tax incentives	Legal	Profit retention	Retained earnings	Carrying value adjustments			
<b>At January 1, 2015</b>		20,363	6	635	6,654		589	28,247	3,489	31,736
<b>Comprehensive income for the semester</b>										
Net income						611		611	57	668
Other comprehensive income							1,089	1,089	505	1,594
						611	1,089	1,700	562	2,262
<b>Total contributions by and distributions to shareholders</b>										
Securities convertible into shares						(38)		(38)		(38)
Increase in non-controlling interests - Yacuces									30	30
Increase in non-controlling interests - Itacamba									34	34
Allocation of net income for the semester									(36)	(36)
Dividends						(38)		(38)	28	(10)
<b>At June 30, 2015</b>		20,363	6	635	6,654	573	1,678	29,909	4,079	33,988
<b>At January 1, 2016</b>		21,419	6	654	6,776		2,967	31,822	4,176	35,998
<b>Comprehensive income for the semester</b>										
Net income						402		402	60	462
Other comprehensive income							(2,381)	(2,381)	(690)	(3,071)
						402	(2,381)	(1,979)	(630)	(2,609)
<b>Total contributions by and distributions to shareholders</b>										
Capital increase	1 (i) and 22 (a)	7,237						7,237		7,237
Fair value on interest variation - Zinc & byproducts	1 (iii)						571	571	(584)	(13)
Reversal of dividends	22 (b)				113			113		113
Allocation of net income for the semester									(66)	(66)
Dividends									(66)	(66)
		7,237			113		571	7,921	(650)	7,271
<b>At June 30, 2016</b>		28,656	6	654	6,889	402	1,157	37,764	2,896	40,660

## Interim consolidated condensed statement cash flows

Quarters ended June 30  
All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	4/1/2016 to 6/30/2016	4/1/2015 to 6/30/2015	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
<b>Cash flow from operating activities</b>					
<b>Profit before income tax and social contribution</b>		321	783	613	1,008
Loss for the period from discontinued operations			(5)	(1)	(5)
Adjustments of items that do not represent changes in cash and cash equivalents					
Depreciation, amortization and depletion		681	655	1,398	1,296
Equity in the results of investees	14	(300)	(263)	(600)	(114)
Realization of other comprehensive income on disposal of investments		(44)		(44)	
Interest, indexation and foreign exchange variations		134	378	76	759
Provision (reversal) for impairment of fixed and intangible assets	26	67		57	(17)
Gain on sale of fixed and intangible assets, net	26	(5)	(61)	(43)	(56)
Gain on sale of investments, net	26	(10)		(312)	
Allowance for doubtful accounts		38	3	38	13
Fair value adjustment - Resolution 4131		(33)		(57)	
Provision		12	15	(18)	42
Derivative financial instruments		416	13	968	(140)
Financial instruments - firm commitment	13	(6)	49	34	114
Change in fair value of biological assets		(2)	6	(5)	
		1,269	1,573	2,104	2,900
<b>Decrease (increase) in assets</b>					
Financial investments		312	499	1,701	1,361
Derivative financial instruments		4	(38)	13	(22)
Trade accounts receivable		(17)	(303)	362	(591)
Inventory		288	(112)	224	(596)
Other taxes recoverable		103	182	253	247
Related parties		(80)	(4)	(193)	40
Other accounts receivable and other assets		47	163	52	150
<b>Increase (decrease) in liabilities</b>					
Trade payables		(110)	82	(305)	247
Salaries and social charges		64	137	(195)	(78)
Use of public assets		42	33	85	61
Taxes payable		(81)	(187)	(170)	(142)
Other liabilities		(252)	240	(607)	197
<b>Cash provided by operations</b>		1,589	2,265	3,324	3,774
Interest paid on borrowing and use of public assets		(614)	(551)	(946)	(880)
Premium paid on the Tender Offer			(98)		(98)
Income tax and social contribution paid		(90)	(199)	(239)	(299)
<b>Net cash provided by operating activities</b>		885	1,417	2,139	2,497
<b>Cash flow from investment activities</b>					
Proceeds from disposals of fixed and intangible assets		31	62	90	91
Proceeds from sale of investments - Sirama	1 (ii)			566	
Proceeds from sales of other investments		11		11	
Dividends received		187	55	190	67
Capital decrease in investees	14 (b)				25
Acquisitions of property, plant and equipment	15	(774)	(607)	(1,420)	(1,131)
Increase in biological assets		1	(3)		(6)
Increase in intangible assets	16	(48)	(3)	(104)	(11)
<b>Net cash used in investment activities</b>		(592)	(496)	(667)	(965)
<b>Cash flow from financing activities</b>					
New borrowing	17 (c)	618	2,998	1,992	3,540
Repayment of borrowing	17 (c)	(724)	(2,959)	(3,927)	(4,359)
Derivative financial instruments		(110)	(38)	(133)	17
Increase in non-controlling interests - Itacamba			30		30
Increase in non-controlling interests - Yacuces			25		34
Dividends paid		(66)	(22)	(71)	(173)
<b>Net cash provided by (used in) financing activities</b>		(282)	34	(2,139)	(911)
Increase (decrease) in cash and cash equivalents		11	955	(667)	621
Cash increase resulting from incorporation	1 (i)			177	
Effect of fluctuations in exchange rates		(431)	(202)	(800)	367
Cash and cash equivalents at the beginning of the period		5,779	3,799	6,649	3,564
Cash and cash equivalents at the end of the period		5,359	4,552	5,359	4,552
<b>Main non-cash transactions</b>					
Increase in non-cash assets resulting from incorporation	1 (i)			7,060	
Loans from FINAME for acquisition of property, plant and equipment					9
Transfers of assets classified as held-for-sale			(34)		340
Transfers of liabilities related to assets classified as held-for-sale			3		(109)

## Notes to the consolidated condensed interim financial statements

at June 30, 2016

All amounts in millions of reais unless otherwise stated

### 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: basic construction materials, metals, electrical energy, steel, wood pulp, agribusiness and finance.

#### Main events that occurred during the first quarter of 2016

##### (i) Incorporation of Votorantim Participações S.A. ("VPAR")

With the main objective of structuring in the most appropriate way its operations in all the segments, on January 1, 2016, VSA, once named Votorantim Industrial S.A. ("VID"), incorporated the parent company VPAR and changed its corporate name to VSA. The net assets incorporated were evaluated by their book value, based on the fundamental principles of accounting applied by the two companies. This merger resulted in an increase, in the amount of R\$ 7,237, in the Company's equity, represented substantially by investments in Citrosuco and Banco Votorantim, amounting to R\$ 3,242 and R\$ 4,466, respectively, which are still registered by the equity method. In this context, VSA succeeds VPAR in all its rights and obligations, including compliance with the covenants of loan contracts, and, when required, certain indexes are now calculated based on the financial statements of VSA.

The summarized balance sheet of VPAR used for the incorporation is presented below:

	2016		2016
<b>Assets</b>		<b>Liabilities</b>	
Current assets	539	Current liabilities	217
Non-current assets		Non-current liabilities	1,736
Long-term receivables	1,244		
Investments	39,230	<b>Equity</b>	39,060
Votorantim Industrial S.A.	31,822		
Other	7,408		
	40,474		
<b>Total assets</b>	<b>41,013</b>	<b>Total liabilities and equity</b>	<b>41,013</b>

##### (ii) Sale of Sirama Participações Administração e Transportes Ltda. ("Sirama")

On January 26, 2016, the General Superintendence of the Administrative Council for Economic Defense ("CADE") issued its approval for the sale of the shares owned by VCSA in the investee Sirama. On March 3, 2016, the Company recorded the net gain related to the sale in the amount of R\$ 293 and, consequently, registered the write-off related to exchange variation on investments registered abroad in "Exchange variation on foreign investments", in the amount of R\$ 44.

##### (iii) Acquisition of participation in the controlled company Compañía Minera Milpo S.A.A. ("Milpo")

On April 12, 2016, the subsidiary Votorantim Metais Cajamarquilla S.A. acquired 264,157,507 shares of Milpo and raised its participation to 80.06% of the capital. The increment to the investment account was R\$ 1,501 (USD 424 millions), from which R\$ 604 (USD 171 millions) were paid with own resources and the R\$ 897 (USD 253 millions) amount, by way of discount, was registered as credit in the rubric as equity adjustments inside the equity.

On April, 19<sup>th</sup>, 2016, the Company alienated 10.65% of its participation held in subsidiary Votorantim Metais Holding S.A. ("VMHolding"). The effect of investment reduction was R\$ 738 (USD 208 millions), from which R\$ 604 (USD 171 millions) was received in current currency and the R\$ 134 (USD 37 millions) difference was registered as debit in the rubric as equity adjustments inside the equity.

On April, 20<sup>th</sup>, 2016, there was the share premium payment deliberation, in the value of R\$ 13 (USD 4 millions), for VMHolding's minority shareholders.

On May, 3<sup>rd</sup>, 2016, the subsidiary Votorantim FinCo GmbH transferred its share in the indirect subsidiary Votorantim GmbH ("VGmbH") to Votorantim MetalsCo GmbH's, company integrally controlled by VMHolding. This transfer's result, reduced the participation in the investment in R\$ 193 and was registered as debit in the rubric as equity adjustments inside the equity.

### 2 Presentation of the consolidated 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 interim financial statements, which is consistent with that used by the Administration in carrying out its duties.

Therefore, the interim consolidated financial statements on June 30, 2016 do not contain all of the explanatory notes and disclosures required by the accounting standards applicable to annual financial statements. As a consequence, they should be read together with the consolidated financial statements at December 31, 2015, issued on March 2, 2016.

The interim consolidated 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, 2015.

##### (b) Confirming payable

The subsidiaries reclassified the confirming payable operation which was originally presented on the balance sheet on the row "Trade payables" and "Payables - Trading" to a specific row on the short term liability named "Confirming payable", according to the normative interpretation issue by CVM (IN 01/2016) disclosed on February 18, 2016. Due to that, seeking comparability and a reliable presentation of the confirming payable operation, the information disclosed on December 31, 2015 was reclassified, as follows:

Type	As prior presented	Restatement	Restated
Trade payables	4,136	(957)	3,179
Payables - Trading	126	(126)	
Confirming payable		1,083	1,083
	4,262		4,262

##### (c) Approval of the consolidated condensed interim financial statements

The Board of Directors approved these interim consolidated financial statements for issue on August 8, 2016.

#### 2.2. Main companies included in the consolidated condensed interim financial statements

The major changes of interests in subsidiaries and joint operations included in the consolidation, in the semester ended June 30, 2016, regarding those detailed in Note 2.2 to the latest annual financial statements, were:

	Percentage of total and voting capital		Headquarters	Main activity
	6/30/2016	12/31/2015		
<b>Zinc and byproducts (Note 1 (iii))</b>				
Compañía Minera Milpo S.A.A.	80.23	60.06	Peru	Mining
<b>Financial segment (Note 1 (i))</b>				
Votorantim Finanças S.A.	100.00		Brazil	Finance
<b>Exclusive investment funds</b>				
Odessa Multimercado Crédito Privado	88.42	61.17	Brazil	Finance
<b>Other (Note 1 (i))</b>				
Hailstone Limited	100.00		British Virgin Islands	Holding
St. Helen Holding II B.V.	100.00		Cayman Islands	Holding

## Notes to the consolidated condensed interim financial statements

at June 30, 2016  
All amounts in millions of reais unless otherwise stated

### 3 Changes in accounting policies and disclosures

There were no changes in accounting standards and policies in the semester ended June 30, 2016, when compared to the last financial statements of December 31, 2015.

### 4 Critical accounting estimates and judgments

In the semester ended June 30, 2016, 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 net investment hedges.

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

	Note	6/30/2016	12/31/2015
<b>Assets denominated in foreign currency</b>			
Cash and cash equivalents	7	2,564	3,838
Financial investments	8	585	1,034
Derivative financial instruments		596	942
Trade receivables		1,272	1,680
Related parties		555	2,071
		5,572	9,565
<b>Liabilities denominated in foreign currency</b>			
Borrowing (i)		18,232	22,547
Derivative financial instruments		1,109	471
Trade payables		1,868	2,923
Confirmed payables	18	443	819
Related parties		112	734
		21,764	27,494
Net exposure		(16,192)	(17,929)

(i) Does not consider borrowing costs.

#### 5.2. Liquidity risk

The table below shows the Company's main financial liabilities by maturity (the remaining period from the balance sheet up to the contractual maturity date).

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
<b>At June 30, 2016</b>							
Borrowing (i)		3,171	3,681	15,506	6,325	7,713	36,396
Derivative financial instruments		520	446	146			1,112
Trade payables		2,879					2,879
Confirmed payables	18	784					784
Dividends payable	12	59					59
Related parties		11	83				94
Use of public assets		75	163	184	568	1,985	2,975
		7,499	4,373	15,836	6,893	9,698	44,299
<b>At December 31, 2015</b>							
Borrowing (i)		4,067	9,291	10,263	12,211	9,554	45,386
Derivative financial instruments		476	2				478
Trade payables		3,179					3,179
Confirmed payables	18	1,083					1,083
Dividends payable	12	162					162
Related parties		5	1,211				1,216
Use of public assets		72	160	180	555	2,003	2,970
		9,044	10,664	10,443	12,766	11,557	54,474

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

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### 5.3. Derivatives contracted

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

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

##### Details of the main derivative operations

Programs	Principal			Purchase/ sale	Average FWD rate	Average term (days)	Assets	Liabilities	Fair value		Realized gain (loss)		Fair value by maturity			
	6/30/2016	12/31/2015	As per unit						6/30/2016	12/31/2015	6/30/2016	2016	2017	2018	2019	2020+
<b>Hedging instruments for metal sales at a fixed price</b>																
Nickel forward		240	ton							(1.5)	(1.6)					
Zinc forward	4,586	7,336	ton	P		81	5.5			5.5	(4.0)	(1.1)	4.7	0.7		
										<b>5.5</b>	<b>(5.5)</b>	<b>(2.7)</b>	<b>4.7</b>	<b>0.7</b>		
<b>Hedging instruments for mismatches of quotation periods</b>																
Nickel forward		837	ton								3.5					
Zinc forward	306,819	341,905	ton	P/S		26	47.0	(76.3)	(29.3)	(4.8)	(22.8)	(29.3)				
Silver forward	242	229	k oz (*)	P/S		30		(1.7)	(1.7)	0.8	0.8	(1.7)				
Aluminum forward	6,683	2,850	ton	P/S		33	0.4	(0.8)	(0.4)		(2.4)	(0.4)				
									<b>(31.4)</b>	<b>(4.0)</b>	<b>(20.9)</b>	<b>(31.4)</b>				
<b>Hedging instruments for the operating margin of metals</b>																
Nickel forward		345	ton							14.6	14.6					
Zinc forward	2,600	6,775	ton	S	2,006 USD/ton	1	0.3	(0.5)	(0.1)	16.4	16.6	(0.1)				
Aluminum forward	4,525	7,900	ton	S	1,638 USD/ton	1	0.7		0.7	10.6	10.0	0.7				
Silver forward		25	k oz (*)		USD/oz					0.4	0.4					
US dollar forward	13	33	USD million	S	3.78 USD/oz	1	4.4		4.4	(24.0)	(23.2)	4.4				
									<b>5.0</b>	<b>18.0</b>	<b>18.4</b>	<b>5.0</b>				
<b>Hedging instruments for foreign exchange exposure</b>																
US dollar forward			USD million		BRL/USD						(7.2)					
Euro forward	18		EUR million	P	4.23 BRL/EUR	11		(12.4)	(12.4)	(0.2)	(67.7)	(12.4)				
									<b>(12.4)</b>	<b>(0.2)</b>	<b>(74.9)</b>	<b>(12.4)</b>				
<b>Hedging instruments for debts</b>																
Fixed rate in reais vs. CDI floating rate swaps	100	230	BRL million		80.00% CDI	348		(2.3)	(2.3)	(6.9)	2.5	(1.3)	(1.0)			
LIBOR floating rate vs. CDI floating rate swaps	863	763	USD million		103.57% CDI	1,214		(828.3)	(457.6)	396.1	(26.2)	(173.6)	(269.4)	(64.7)	(101.8)	151.9
US dollar fixed rate vs. CDI floating rate swaps	105	105	USD million		104.83% CDI	1,471		(104.7)	(49.5)	27.7	(19.0)	(19.6)	(29.4)	(23.3)	(20.6)	43.5
									<b>(509.4)</b>	<b>416.9</b>	<b>(42.7)</b>	<b>(194.5)</b>	<b>(299.8)</b>	<b>(88.0)</b>	<b>(122.4)</b>	<b>195.4</b>
<b>Total</b>							<b>484.2</b>	<b>(1,026.9)</b>	<b>(542.7)</b>	<b>425.2</b>	<b>(122.8)</b>	<b>(228.6)</b>	<b>(299.1)</b>	<b>(88.0)</b>	<b>(122.4)</b>	<b>195.4</b>

(\*) oz- Ounces troy

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### Details of the main derivative operations

Programs	Principal			Purchase/ sale	Average FWD rate	Average term (days)	Assets	Liabilities	Realized gain (loss)					Fair value by maturity				
	6/30/2016	12/31/2015	As per unit						6/30/2016	12/31/2015	6/30/2016	2016	2017	2018	2019	2020+		
<b>Hedge accounting - cash flow hedge</b>																		
<b>Hedging instruments for the operating margin of metals</b>																		
Nickel forward			ton															
Zinc forward	66,025	36,650	ton	S	1,940 USD/ton	171		(35.9)	(35.9)	69.0	42.9	(19.3)	(16.6)					
Aluminum forward	67,752	40,050	ton	S	1,615 USD/ton	206	0.7	(9.7)	(8.9)	37.2	29.3	(2.7)	(6.3)					
Silver forward		125	k oz (*)		USD/oz					1.9	1.0							
US dollar forward	181	135	USD million	S	3.97 BRL/USD	193	101.1		101.1	(76.5)	(31.4)	53.3	47.8					
									<b>56.3</b>	<b>31.6</b>	<b>41.8</b>	<b>31.3</b>	<b>24.9</b>					
<b>Hedging instruments for mismatches of quotation periods</b>																		
Zinc forward	113,197	97,180	ton	P/S		54	8.3	(11.3)	(3.0)	2.0	19.0	(3.0)						
Silver forward	388	293	k oz (*)	P/S		73		(2.8)	(2.8)	0.9	(2.8)	(2.8)						
									<b>(5.8)</b>	<b>2.9</b>	<b>16.2</b>	<b>(5.8)</b>						
<b>Hedging instruments for interest rates in US dollar</b>																		
LIBOR floating rate vs. USD fixed rate swaps	600	600	USD million		2.56% % Pré	861		(24.5)	(24.5)	6.1	(10.0)	(6.3)	(11.3)	(5.7)	(1.1)			
									<b>(24.5)</b>	<b>6.1</b>	<b>(10.0)</b>	<b>(6.3)</b>	<b>(11.3)</b>	<b>(5.7)</b>	<b>(1.1)</b>			
<b>Hedge accounting - fair value hedge</b>																		
<b>Hedging instruments for metal sales at a fixed price</b>																		
Zinc forward	830	2,230	ton	P	1,679	122	1.1		1.1	(1.0)	(1.0)	0.9	0.2					
									<b>1.1</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>0.9</b>	<b>0.2</b>					
<b>Hedging instruments for mismatches of quotation periods</b>																		
Zinc forward	53,580		ton	P/S		36		(0.4)	(0.4)	(1.0)	(38.9)	(0.4)						
									<b>(0.4)</b>	<b>(1.0)</b>	<b>(38.9)</b>	<b>(0.4)</b>						
									<b>111.2</b>	<b>(84.6)</b>	<b>26.7</b>	<b>38.6</b>	<b>8.1</b>	<b>19.7</b>	<b>13.8</b>	<b>(5.7)</b>	<b>(1.1)</b>	
									<b>595.5</b>	<b>(1,111.6)</b>	<b>(516.0)</b>	<b>463.8</b>	<b>(114.7)</b>	<b>(208.9)</b>	<b>(285.3)</b>	<b>(93.7)</b>	<b>(123.5)</b>	<b>195.4</b>

(\*) oz- ounces

The transactions involving derivative financial instruments recognized in "Carrying value adjustments" amount to R\$ 26. Besides, there are hedge accounting operations, which amount R\$ 67, in controlled, not consolidated companies recognized in "Carrying value adjustments".

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### (b) Effect of the financial derivative instruments in the financial result

The chart below shows the impact of the financial derivative instruments in the financial result in the semester:

Program	Fair value	Realized gain (loss)	Total
<b>Hedging instruments for foreign exchange exposure</b>			
Euro forward	(12.4)	(67.7)	(80.1)
US dollar forward		(7.2)	(7.2)
	<b>(12.4)</b>	<b>(74.9)</b>	<b>(87.3)</b>
<b>Hedging instruments for debts</b>			
Fixed rate in reais vs. CDI floating rate swaps	4.6	(2.5)	2.1
LIBOR floating rate vs. CDI floating rate swaps	(852.6)	(26.2)	(878.8)
US dollar fixed rate vs. CDI floating rate swaps	(77.2)	(19.0)	(96.2)
	<b>(925.2)</b>	<b>(47.7)</b>	<b>(972.9)</b>
<b>Hedge Accounting - cash flow hedge</b>			
<b>Hedging instruments for interest rates in US dollar</b>			
LIBOR floating rate vs. USD fixed rate swaps		(10.0)	(10.0)
		<b>(10.0)</b>	<b>(10.0)</b>
<b>Total (Note 27)</b>	<b>(937.6)</b>	<b>(132.6)</b>	<b>(1,070.2)</b>

### 5.4. Hedges of net investments in foreign operations

The hedged items that the Company and its subsidiaries have designated as a calculation tool relate to the investments shown in the table below, as well as part of the Company's debts and those of its subsidiaries VCSA, Companhia Brasileira de Alumínio - ("CBA"), Votorantim Metais Zinco S.A. - ("VMZ"), Votorantim Metais S.A. - ("VMSA"), and Votorantim Siderurgia S.A. - ("VS"), denominated in euros and dollars.

	6/30/2016		12/31/2015	
	Investment	Debt	Investment	Debt
Votorantim Metais Cajamarquilla S.A. - ("Cajamarquilla")	5,899	5,017	7,288	6,447
US Zinc Corporation - ("US Zinc")	1,495	1,436	1,747	1,747
Votorantim Cement North America Inc. - ("VCNA")	3,489	4,524	4,244	5,560
Votorantim Cimentos EAA Inversiones, S.L. - ("VCEAA")	2,728	3,495	3,442	4,888
Hailstone Limited - ("Hailstone")	545	479		

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

The subsidiary VCSA also has borrowing denominated in US dollars with compound financial instruments, contracted as a single product with the financial institution (US dollar borrowing + Interbank Deposit Certificate ("CDI") floating rate swaps). The terms and conditions of the loan and derivative instrument are configured as a combined operation, so that the resulting cost is a debt adjusted by a percentage of the CDI in reais. On June 30, 2016, the amount of the operations in this modality was USD 586 million (R\$ 1,881) (December 31, 2015 - USD 503 million - R\$ 1,963).

The gain on exchange rate on the conversion of debt, net of income tax and social contribution recognized as valuation adjustments on June 30, 2016 was R\$ 2,227 (June 30, 2015, loss of R\$ 1,274).

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### 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, 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 on June 30, 2016, are described below:

- Scenario I is based on the market forward curves and quotations at June 30, 2016, and represents a probable scenario in management's opinion as on September 30, 2016.
- Scenario II considers a stress factor of + / - 25% applied to the market forward curves and quotations as on June 30, 2016.
- Scenario III considers a stress factor of + / - 50% applied to the market forward curves and quotations as on June 30, 2016.

Risk factors	Cash and cash equivalents and financial investments (i)	Borrowing (i)	Derivative financial instruments	As per unit	Changes from 6/30/2016	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%
<b>Foreign exchange rates</b>															
USD	2,502	13,658 (**)	1,761	USD million	9%	(144)	503	1,006	(503)	(1,006)	(648)	1,941	3,882	(1,941)	(3,882)
EUR	141	3,864	18	EUR million	10%	5	(12)	(24)	12	24	(373)	1,020	2,040	(1,020)	(2,040)
BOB (***)	25				8%						2	(7)	(13)	7	13
ARS	76				8%						6	(21)	(41)	21	41
<b>Interest rates</b>															
BRL - CDI	3,744	3,812	3,952	BRL million	-25 bps	10	13	28	(12)	(23)	1	10	21	(10)	(19)
LIBOR		5,014	2,860	USD million	-2 bps	(5)	(22)	(44)	22	44		1	1	(1)	(1)
US dollar coupon			1,161	USD million	-15 bps	13	83	172	(78)	(152)		(2)	(4)	2	4
<b>Price of commodities</b>															
Zinc			547,637	ton	-7%	60	207	414	(207)	(414)	22	75	149	(75)	(149)
Aluminum			78,960	ton	-5%		1	3	(1)	(3)	19	90	180	(90)	(180)
Silver			629	oz (*) thousand	-9%		1	3	(1)	(3)	2	6	12	(6)	(12)
<b>Firm commitment - electric energy</b>															
Sale and purchase agreements - fair value			852	BRL million			16	33	(16)	(31)					

(\*) oz - Ounces troy

(\*\*) Considers baskets of currencies

(\*\*\*) Boliviano

(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.



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	6/30/2016			12/31/2015		
	Local rating	Global rating	Total	Local rating	Global rating	Total
<b>Cash and cash equivalents</b>						
AAA				1,903		1,903
AA+				617		617
AA				291		291
AA-	2,027	213	2,240		6	6
A+	451	35	486		117	117
A		292	292		645	645
A-		380	380		251	251
BBB+		301	301		550	550
BBB		161	161		106	106
BBB-		239	239		233	233
BB	317	7	324		18	18
BB-		3	3			
B+		55	55		116	116
CCC+		15	15			
CCC					1	1
CCC-					19	19
Unrated (i)		863	863		1,776	1,776
	2,795	2,564	5,359	2,811	3,838	6,649
<b>Financial investments</b>						
AAA				1,672		1,672
AA+	56		56	851		851
AA				188		188
AA-	2,036		2,036			
A+	287		287		8	8
A	3	208	211	3		3
A-		109	109	16	358	374
BBB	16	3	19		1	1
BBB-		45	45		195	195
BB	22		22			
CCC+		62	62			
CCC					179	179
CCC-					136	136
Unrated (ii)	21	158	179	208	157	365
	2,441	585	3,026	2,938	1,034	3,972
<b>Derivative financial instruments</b>						
AAA	105		105	282		282
AA+	71		71	194		194
AA				2		2
AA-	181		181			
A+	10	120	130		342	342
A		109	109		122	122
	367	229	596	478	464	942
	5,603	3,378	8,981	6,227	5,336	11,563

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.

	6/30/2016	12/31/2015
<b>Local currency</b>		
Cash and banks	8	16
Repurchase agreements	1,593	1,774
Repurchase agreements - Public securities	1,194	1,021
	2,795	2,811
<b>Foreign currency</b>		
Cash and banks	1,831	2,905
Certificates of deposits	733	933
	2,564	3,838
	5,359	6,649

Cash and cash equivalents in local currency comprise government bonds or deposits with financial institutions indexed to the interbank deposit rate. Foreign currency cash equivalents are mainly composed of fixed-income financial instruments in local currency.

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8 Financial investments	6/30/2016	12/31/2015
Held-for-trading		
Repurchase agreements	480	729
Repurchase agreements - Public securities	812	663
Financial Treasury Bills (LFT)	599	679
Bank Deposit Certificates (CDB)	503	592
Financial investments in foreign currency	264	364
Investment fund quotas	14	1
Credit Rights Investment Funds (FIDC) (i)		243
Other	4	4
	2,676	3,275
Available-for-sale		
Financial investments in foreign currency	302	670
	302	670
Held-to-maturity		
Bank Deposit Certificates (CDB)	29	27
Other	19	
	48	27
	3,026	3,972
Current	2,988	3,936
Non-current	38	36
	3,026	3,972

Short-term investments, mostly, have immediate liquidity. Investments in local currency comprise government bonds or deposits with financial institutions, indexed to the interbank deposit rate. Investments denominated in foreign currency are mainly composed of financial instruments of fixed income in local currency (time deposits).

(i) In 2016, the Company began to consolidate the balances of the Credit Receivables Investment Funds "Fundo de Investimentos em Direitos Creditórios Indústria" and "Fundo de Investimentos em Direitos Creditórios VID Indústria". On June 30, 2016, the amount of R\$ 138 was consolidated, being the amount of R\$ 49 eliminated in the group "Accounts receivable" and R\$ 89 eliminated in "Shares in investment funds."

9 Trade receivables		6/30/2016	12/31/2015
(a) Breakdown	Note		
Trade receivables - Brazil		1,384	1,010
Trade receivables - foreign customers		1,099	1,825
Related parties	12	84	65
		2,567	2,900
Estimated loss for doubtful accounts		(193)	(155)
		2,374	2,745
(b) Aging of trade receivables		6/30/2016	12/31/2015
Current		2,154	2,283
Up to three months past due		202	426
Three to six months past due		29	59
Over six months past due		182	132
		2,567	2,900

10 Inventory	6/30/2016	12/31/2015
Finished products	771	652
Semi-finished products	1,498	1,539
Raw materials	744	866
Auxiliary materials	1,025	1,130
Imports in transit	81	191
Other	56	71
Estimated loss (i)	(509)	(561)
	3,666	3,888

(i) 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	6/30/2016	12/31/2015
Corporate Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL")	1,102	886
State Value-added Tax on Sales and Services ("ICMS")	609	529
Social Contribution on Revenue ("COFINS")	418	414
IRPJ/CSLL - "Plano Verão"	295	184
Value-added Tax ("VAT") (foreign companies)	214	293
Withholding Income Tax ("IRRF")	151	7
Social Integration Program ("PIS")	91	93
State Value-added Tax on Sales and Services on PP&E (i)	82	99
Excise Tax ("IPI")	39	38
Other	140	148
	3,141	2,691
Current	1,430	1,376
Non-current	1,711	1,315
	3,141	2,691

(i) On January 1, 2016, VSA incorporated VPAR (Note 1 (i)), resulting in increases in the balances, including the "Plano Verão" that is due to income tax and social contribution overpaid by VPAR because of non-adoption of understated inflation rates under the complementary monetary restatement of the "Plano Verão", calculated on the base year 1989.

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On March 23, 2016, CBA obtained the approval of the tax credit habilitation application recognized by court final decision, concerning the recognition of the index applicable to the restatement of the financial statements of the base year 1989, for purposes of calculating the basis of calculation of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) - "Plano Verão". This credit will be offset against future tax debts of the company under management Internal Revenue Service of Brazil.

### 12 Related parties

	Trade receivables		Dividends receivable		Non-current assets		Trade payables		Dividends payable		Non-current liabilities		Sales		Purchases		Finance income (costs)	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015	6/30/2016	12/31/2015	6/30/2016	12/31/2015	6/30/2016	12/31/2015	6/30/2016	12/31/2015	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
<b>Parent</b>																		
Hejoassu Administração S.A.									49									
Votorantim Participações S.A. (i)		2			659					152		487						(14)
<b>Related companies and joint ventures</b>																		
Cementos Avellaneda S.A.	1	12					1	1			69	96						4
Cementos Granadilla S.L.	2	1			6	1	1	1					37					
Citrosuco GmbH (ii)					202	246												
Citrosuco S.A. Agroindústria (iii)					585	441							7	5				7
Citrovita Orange Juice GmbH (i)						774												6
Fibria Celulose S.A.	13	4		24	1	1	3	14					45	19				
Hailstone Limited (i)						20						553						(3)
Maré Cimento Ltda.															44			
Mizu S.A.															33			
Polimix Concreto Ltda.															92			
Sitrel - Siderurgica Três Lagoas Ltda. (iv)	27	13					26	32					154	152	132	102		
St. Helen Holding II B.V. (i)					1,003							40						14
Superior Materials Holdings, LLC	15	6											29	15				
Supermix Concreto S.A.	18	21											136	185				
Suwannee American Cement LLC	4						40	41										1
VCNA SPE, LLC					313													
Other	4	6	3	18	14	43	1	2			25	40	22	27				
	84	65	3	42	1,121	3,188	72	91	49	152	94	1,216	430	572	132	102	11	11
<b>Non-controlling interests</b>			6						10	10								
Current	84	65	3	42			72	91	59	162								
Non-current					1,121	3,188					94	1,216						
	84	65	9	42	1,121	3,188	72	91	59	162	94	1,216						

(i) The elimination of 2016 balances relates to the incorporation by VSA, explained in Note 1 (i).

(ii) 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.

(iii) 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\$ 360. The difference of R\$ 225 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 contractual rules laid down in the shareholder agreement and closing memorandum signed between the Fisher and Votorantim Groups.

(iv) Refers to commercial transactions between Steel Três Lagoas Ltda. ("Sitrel") and VS, related mainly to the rebar rolling process in the Sitrel plant, which came into operation in December 2012, using mainly as its raw materials billets from the Resende plant of VS.

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### 13 Financial instruments - firm commitment

The Company, through its subsidiary VOTENER - Votorantim Comercializadora de Energia Ltda., 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 resulted in gain on the sale of surplus power by the Company, which was recognized at its fair value. The realization of the fair value through physical settlement of contracts of sale and purchase of energy, in the amount of R\$ 119, was acknowledged as gross income and the corresponding counterpart as an expense in "Other operating income, net".

Additionally, the subsidiaries entered into purchase and sale agreements in the Free Market Environment ("ACL"), which likewise resulted in recognition of the fair value of these transactions of surplus power. The recognition of the fair value of these transactions, net of reversal, generated revenues of R\$ 85.

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

	ACR			ACL			1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
	Aluminum	Energy	Cement	Aluminum	Energy	Steel	Total	Total
<b>Realization</b>	(93)	(26)					(119)	(114)
<b>Recognition</b>			(10)	54	18		62	
<b>Reversal</b>						23	23	
	(93)	(26)	(10)	54	18	23	(34)	(114)

### 14 Investments

#### (a) Breakdown

	Information on investees at June 30, 2016			Equity in the results		Investment balance	
	Equity	Profit (loss) for the semester	Ownership percentage (%)	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015	6/30/2016	12/31/2015
<b>Investments accounted for based on the equity method</b>							
<b>Subsidiaries and associates</b>							
Cementos Avellaneda S.A. (i)	428	60	49,00	29	28	239	318
Cementos Bio Bio S.A. (ii)	886	56	16,70	9	11	148	202
Alunorte - Alumina do Norte S.A. (ii)	4,784	629	3,03	19	1	145	130
Mineração Rio do Norte S.A. (ii)	1,000	311	10,00	31	7	100	91
Supermix Concreto S.A.	247	8	25,00	2	4	62	64
Outros investimentos				5	32	445	266
<b>Joint ventures</b>							
Banco Votorantim S.A.	9,224	(86)	50,00	(37)		4,653	
Fibria Celulose S.A. (iii)	14,231	1,718	29,42	506	12	4,008	3,573
Citrosuco GmbH (i)	2,264	139	50,00	51		1,775	
Citrosuco S.A. Agroindústria (i)	815	(34)	50,00	(35)		828	
Suwannee American Cement LLC (i)	259	8	50,00	4	4	215	257
Sitrel Siderúrgica Três Lagoas Ltda.	222	28	50,00	14	12	111	96
Cemento Portland S.A.	110	(2)	50,00	(1)	2	55	98
Superior Building Materials LL	80	12	50,00	6	1	40	42
Sumter Cement Co LLC	36	(6)	50,00	(3)		18	26
Trinity Materials LLC.	18		50,00			9	11
				600	114	12,851	5,174

The balances from 2016 that have no comparative basis relate mainly to the effects from the VPAR merge, as described in Note 1 (i).

(i) Investments Cementos Avellaneda SA, Suwannee American Cement LLC, Citrosuco S.A. and Citrosuco GmbH consider, on June 30, 2016, the amounts of R\$ 29 (December 31, 2015 - R\$ 56), R\$ 86 (December 31, 2015 - R\$ 104), R\$ 420 and R\$ 643, respectively, related to goodwill paid on acquisition of investments and the balance of surplus value.

(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, in exchange of lands with the Company.

#### (b) Changes in investments

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
Opening balance	5,174	6,270
Equity in the results of investees	600	114
Exchange variation on foreign investments	(819)	91
Reclassification to assets available for sale		(315)
Capital reduction		(25)
Dividends	(98)	(87)
Effect of subsidiaries included in consolidation (Note 1(i))	7,762	
Fair value of financial assets available for sale - Banco Votorantim S.A.	224	
Other	8	17
Closing balance	12,851	6,065

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### 15 Property, plant and equipment

#### (a) Breakdown and changes

	1/1/2016 to 6/30/2016								1/1/2015 to 6/30/2015	
	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	2,206	10,893	36,095	1,437	229	3,628	560	438	55,486	46,796
Accumulated depreciation	(52)	(4,029)	(20,220)	(1,104)	(168)		(279)	(358)	(26,210)	(20,759)
Net opening balance	2,154	6,864	15,875	333	61	3,628	281	80	29,276	26,037
Additions	3	10	135			1,267		5	1,420	1,140
Disposals	(4)	(4)	(28)	(5)	(1)		(3)		(45)	(46)
Depreciation	(2)	(154)	(865)	(54)	(6)		(11)	(2)	(1,094)	(1,014)
Foreign exchange variation	(158)	(396)	(907)	(31)	(3)	(340)	(30)	(1)	(1,866)	928
Effect of subsidiaries included in consolidation	10	2	2	30	1	1	1	6	53	
Reversal (provision) for impairment		(17)	16				2	3	4	17
Reclassification to assets held-for-sale										(30)
Transfers (i)	(14)	378	865	33	7	(1,473)	1		(203)	(193)
Closing balance	1,989	6,683	15,093	306	59	3,083	241	91	27,545	26,839
Cost	2,042	10,538	33,832	1,325	206	3,083	497	452	51,975	49,579
Accumulated depreciation	(53)	(3,855)	(18,739)	(1,019)	(147)		(256)	(361)	(24,430)	(22,740)
Net closing balance	1,989	6,683	15,093	306	59	3,083	241	91	27,545	26,839
Average annual depreciation rates - %	2	3	6	17	11		8	17		

(i) The transfers at June 30, 2016 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" (on June 30, 2015, "Inventory" (R\$ 52), "Software" and "Intangible assets" (R\$ 141)).

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### (b) Construction in progress

The balance is composed mainly by expansion and optimization projects in the industrial enterprises. The main projects in progress by business segment are as follows:

Main projects in progress - cement	6/30/2016	12/31/2015
New unit in Yacuses - Bolivia	399	245
New unit in Sivas - Turkey	319	195
Cement production capacity expansion - North America	130	88
New unit in Primavera - Brazil	112	711
Operational machinery	53	54
New unit in Edealina - Brazil	51	101
New unit in Ituaçu - Brazil	43	44
Cement grinding - Pecém - Brazil	35	6
Clinker production capacity expansion - Turkey	31	43
New unit in Sobral - Brazil	29	21
Burden removal - cement	21	42
Aggregate production capacity expansion - North America	15	39
New lines of co-processing	15	9
New lines of co-processing - North America	9	13
Burden removal - aggregates	2	8
Other	361	409
	1,625	2,028

Main projects in progress - zinc and byproducts	6/30/2016	12/31/2015
Vazante expansion project - Brazil	188	133
Mineral extraction - Peru	81	87
Production line construction - Brazil	69	19
Security, health and environment projects - Brazil	64	133
Roasting - Peru	54	48
Concentrated ore plant - Peru	53	52
Plant maintenance project - Peru	37	64
Pucurhuay hydroelectric plant - Peru	27	41
Information technology projects - Peru	25	20
Mineral grinding - Peru	16	19
Reject treatment line - Peru	15	70
Project Santa Bárbara - Peru	14	17
Desalination plant - Peru	12	24
Modernization and production increase projects - Brazil	12	11
Waste storage - Peru	3	2
Electrometallurgy project - Peru	1	2
General services - Peru		17
Other	28	78
	699	837

Main projects in progress - Aluminum	6/30/2016	12/31/2015
Rondon Alumina project - Brazil	106	100
Plastic transformation and foundry projects	26	44
Alumina factory project	26	21
Automation system modernization	28	25
Revitalization and adequacy of power plant	24	22
Furnace rooms project	16	20
Mining projects - Brazil	17	13
Furnace refurbishment	22	12
Project safety, health and environment - Brazil	5	8
Other	12	22
	282	287

Main projects in progress - Steel	6/30/2016	12/31/2015
Mechanized underground operations involving metallurgical coal	126	142
Expansion project - Florestal	57	31
Repair plant operating equipment	47	44
Security projects, health and environment	24	32
Modernization of plant operating equipment	22	22
Battery vertical repair project	18	12
Expansion project - Resende	10	17
Scrap crushing equipment project	6	9
Ore project exploration program	6	7
Revitalization and adaptation of plant	6	5
Carbon extraction project	5	5
Expansion project - Barra Mansa	3	8
Other	27	34
	357	368

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### 16 Intangible assets

#### (a) Breakdown and changes

									1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
	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	10,093	7,013	840	541	489	574	491	823	20,864	15,350
Accumulated amortization	(2,281)		(426)	(141)	(283)	(425)	(362)	(371)	(4,289)	(2,832)
Net opening balance	7,812	7,013	414	400	206	149	129	452	16,575	12,518
Additions	10		1			12		81	104	11
Disposals										(16)
Amortization and depletion	(201)		(23)	(10)	(13)	(25)	(15)	(8)	(295)	(254)
Foreign exchange variation	(1,156)	(983)	(24)		(35)	(14)	(18)	(93)	(2,323)	1,353
Effect of subsidiaries included in consolidation	(3)	(770)				2			(771)	
Reversal (provision) for impairment	1	(19)							(18)	
Revision of estimated cash flow			7						7	2
Transfers	187					16			203	141
Closing balance	6,650	5,241	375	390	158	140	96	432	13,482	13,755
Cost	8,807	5,241	774	541	402	555	410	755	17,485	17,145
Accumulated amortization	(2,157)		(399)	(151)	(244)	(415)	(314)	(323)	(4,003)	(3,390)
Net closing balance	6,650	5,241	375	390	158	140	96	432	13,482	13,755
Average annual amortization and depletion rates - %	7		7	7	7	7	9	13		

(i) Asset retirement obligation.

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### 17 Borrowing

#### (a) Breakdown and fair value

Type	Average annual charges (i)	Current (iii)		Non-current		Total		Fair value	
		6/30/2016	12/31/2015	6/30/2016	12/31/2015	6/30/2016	12/31/2015	6/30/2016	12/31/2015
<b>Local currency</b>									
Debentures	110.27% CDI	99	631	3,803	4,723	3,902	5,354	3,630	4,998
BNDES	TJLP + 2.62% / 4.69% Pré BRL / SELIC + 2.48%	617	668	1,170	1,400	1,787	2,068	1,579	1,710
Development promotion agency	7.44% Pré BRL / TJLP + 1.22%	20	10	205	219	225	229	177	158
FINAME	4.85% Pré BRL / TJLP + 2.60%	32	32	129	143	161	175	121	119
Export credit notes	8.00% Pré BRL	101	131		100	101	231	94	216
Comercial notes	TR + 12.36%	(2)		250		248		239	
Other		18	11	18	18	36	29	27	30
		885	1,483	5,575	6,603	6,460	8,086	5,867	7,231
<b>Foreign currency</b>									
Eurobonds - USD	6.39% Pré USD	101	123	7,807	9,510	7,908	9,633	7,514	8,157
Eurobonds - EUR	3.36% Pré EUR	55	85	3,455	4,837	3,510	4,922	3,084	3,543
Loans - Resolution 4131 (ii)	LIBOR USD + 1.47% / 3.02% Pré USD	7	8	3,056	3,393	3,063	3,401	2,992	3,399
Export prepayments	LIBOR USD + 1.25%	(2)	(3)	1,920	2,335	1,918	2,332	1,976	2,417
Syndicated loan/bilateral agreements	EURIBOR 1M + 0.90% / EURIBOR 3M + 2% / 4.31% Pré	126	2	454	659	580	661	601	721
Working capital	IBR + 3.37% / 9.44% Pré INR / HIBOR 6M + 2% / 104.55% PBoC	554	633			554	633	557	635
BNDES	UMBNDDES + 2.41%	177	233	254	399	431	632	418	660
Export credits (ACC/ACE)	LIBOR USD + 1.38%	25	31	118	158	143	189	149	196
Other		14	21	27	21	41	42	41	44
		1,057	1,133	17,091	21,312	18,148	22,445	17,332	19,772
		1,942	2,616	22,666	27,915	24,608	30,531	23,199	27,003
Interest on borrowing		299	393						
Current portion of long-term borrowing		1,093	1,606						
Short-term borrowing		550	617						
		1,942	2,616						

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

(ii) Loans relating to Resolution 4131 have swaps that intent 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 103.48% 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 were designated under fair value, and the effect of this designation is the measurement of debt at fair value through profit or loss, according to Note 27.

(iii) The balance shown as negative relates to borrowing costs.

BNDES	- National Bank for Economic and Social Development.
BRL	- Brazilian Currency (Real).
CDI	- Interbank Deposit Certificate.
EUR	- European Union currency (Euro).
EURIBOR	- Euro Interbank Offered Rate.
FINAME	- Government Agency for Machinery and Equipment Financing.
HIBOR	- Hong Kong Interbank Offered Rate.
IBR	- Inter-Bank Rate (Colombia).
INBR	- India Rupee.
LIBOR	- London Interbank Offered Rate.
PBoC	- People's Bank of China.
SELIC	- Special System for Clearance and Custody ( <i>Sistema Especial de Liquidação e Custódia</i> ).
TJLP	- Long-term interest rate set by the National Monetary Council. The TJLP is the BNDES basic cost of financing.
TR	- Reference Rate ("Taxa Referencial").
UMBNDDES	- Monetary unit of the BNDES reflecting the weighted basket of currencies of foreign currency debt obligations. On June 30, 2016, 99.34% of the basket was comprised of US dollars.
USD	- US dollar.



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### (b) Maturity

	2016	2017	2018	2019	2020	2021	2022	2023	2024	As from 2025	Total
<b>Local currency</b>											
Debentures	99	2	391	1,316	1,325	600	160	3	3	3	3,902
BNDES	335	537	421	264	79	54	32	18	17	30	1,787
Development promotion agency	5	30	31	31	31	31	23	22	20	1	225
FINAME	17	28	22	22	21	20	18	10	3		161
Export credit notes	1	100									101
Commercial notes (i)	(1)	249									248
Other	12	10	10	4							36
	468	956	875	1,637	1,456	705	233	53	43	34	6,460
	7.24%	14.80%	13.54%	25.34%	22.54%	10.91%	3.61%	0.82%	0.67%	0.53%	100.00%
<b>Foreign currency</b>											
Eurobonds - USD (i)	102	(2)	(2)	661	307	769	(2)	1,099	1,283	3,693	7,908
Eurobonds - EUR (i)	46	5	(9)	(9)	(9)	2,004	1,482				3,510
Loans - Resolution 4131 (i)	8	(2)	553	628	1,555	321					3,063
Export prepayments (i)	(1)	158	960	801							1,918
Syndicated loans/bilateral agreement	126	6	40	99	99	70	41	37	31	31	580
Working capital	81	473									554
BNDES	96	154	110	58	10	2	1				431
Development promotion agency	13	24	24	24	24	17	11	6			143
Other	13	9	7	1	1	1	1	1	5	2	41
	484	825	1,683	2,263	1,987	3,184	1,534	1,143	1,319	3,726	18,148
	2.67%	4.55%	9.27%	12.47%	10.95%	17.54%	8.45%	6.30%	7.27%	20.53%	100.00%
<b>Total</b>	<b>952</b>	<b>1,781</b>	<b>2,558</b>	<b>3,900</b>	<b>3,443</b>	<b>3,889</b>	<b>1,767</b>	<b>1,196</b>	<b>1,362</b>	<b>3,760</b>	<b>24,608</b>
	3.87%	7.24%	10.39%	15.85%	14.00%	15.80%	7.18%	4.86%	5.53%	15.28%	100.00%

(i) The negative balances relate to borrowing costs amortized on a straight-line basis.

### (c) Changes

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
Opening balance	30,531	24,003
New borrowing	1,992	3,540
Foreign exchange variation	(3,925)	2,164
Interest	898	854
Effect of subsidiaries included in consolidation	4	
Fair value adjustment - Resolution 4131	(57)	
Addition of borrowing fees, net of amortization	17	28
Payments - interest	(925)	(959)
Payments - principal	(3,927)	(4,359)
Closing balance	24,608	25,271

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### (d) Breakdown by currency

	Current		Non-current			Total
	6/30/2016	12/31/2015	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Real	885	1,483	5,575	6,603	6,460	8,086
US dollar	177	224	12,978	15,631	13,155	15,855
Euro	179	85	3,686	5,261	3,865	5,346
Currencies basket	135	182	173	277	308	459
Chinese yuan	347	399			347	399
Hong Kong dollar	108	131			108	131
Other	111	112	254	143	365	255
	1,942	2,616	22,666	27,915	24,608	30,531

### (e) Breakdown by index

	Current		Non-current			Total
	6/30/2016	12/31/2015	6/30/2016	12/31/2015	6/30/2016	12/31/2015
<b>Local currency</b>						
CDI	99	631	3,803	4,723	3,902	5,354
TJLP	565	611	1,101	1,329	1,666	1,940
Fixed rate	207	233	353	491	560	724
TR			250		250	
SELIC	14	8	68	60	82	68
	885	1,483	5,575	6,603	6,460	8,086
<b>Foreign currency</b>						
Fixed rate	230	283	12,023	14,901	12,253	15,184
LIBOR	28	34	4,761	5,588	4,789	5,622
UMBNDDES	177	233	254	399	431	632
EURIBOR	124		53	424	177	424
PBoC	347	399			347	399
HIBOR	108	131			108	131
Other	43	53			43	53
	1,057	1,133	17,091	21,312	18,148	22,445
	1,942	2,616	22,666	27,915	24,608	30,531

### (f) Collateral

On June 30, 2016, R\$ 10,535 (December 31, 2015 - R\$ 9,902) of the balance of the Company's borrowing was collateralized under promissory notes and sureties and R\$ 161 of the property, plant and equipment items (December 31, 2015 - R\$ 175) were collateralized by liens on the financed assets.

### (g) Covenants/financial ratios

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

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

### (h) New borrowing

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.

The main new borrowing transactions carried out were as follows:

- On February 22, 2016, the subsidiary VCSA signed a contract in accordance with Resolution 4131 for USD 100 million (R\$ 404) maturing in February 2020 and the final cost of 103% p.a. of the CDI, after conducting the swap. This operation is guaranteed by its subsidiary VCNA and the funds were used for the early redemption of debentures.
- On February 25, 2016, the subsidiary VCSA renegotiated the contractual terms of the loan in accordance with Resolution 4131, signed in October 2014, totaling USD 100 million. The Company has extended the deadline of 2017 to 2021 and renegotiated the cost of the swap from 103.0% to 109.9% of the CDI.
- On March 2, 2016, the subsidiary VCSA announced a tender offer to repurchase its bonds emissions in euro maturing in 2021 and 2022. In March 2016, it repurchased EUR 69 million (R\$ 284), the main issue maturing in 2021, and EUR 53 million (R\$ 218), the main issue maturing in 2022. The total cash outlay was EUR 89.6 million (R\$ 368). The financial settlement occurred on March 17, 2016, and generated a revenue (negative goodwill) of R\$ 149 in the "Financial Results, Net" (Note 27).
- On March 16, 2016, the subsidiary VCSA renegotiated the contractual conditions of the second public issue of debentures, which reached the amortized amount of R\$ 200, maturing in October 2018 to March 2021, maintaining the original conditions.
- On March 30, 2016, the subsidiary Itacamba held the second release of unionized loan-line resources contracted in 2015 in the amount of BOB 835 million. The amount released in March 2016 was BOB 278.4 million (R\$ 158) and will be used to finance the expansion of a local cement plant.
- On June 27, 2016, the subsidiary Votener made the first issue of commercial promissory notes, in one series, amounting to R\$ 250. Maturing in December, 2017, they are remunerated by the Reference Rate (Taxa Referencial - "TR", calculated and published by Banco Central do Brasil) plus a spread of 12.36% p.a. This operation is guaranteed by the Company and the proceeds of the borrowing will be used for the development of wind farms.
- In June, 2016, the subsidiary Votorantim Cimentos EAA Inversões, S.L. - ("VCEAA") contracted loans in the value of EUR 65 million (R\$230), maturing in 2021 and 2023. The proceeds of these operations were used to anticipate the partial payment of bilateral borrowing maturing in 2017.

## 18 Confirming payable

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

Operations - Confirming payable	6/30/2016	12/31/2015
Trade payables - domestic market	341	264
Trade payables - foreign market	443	819
	784	1,083

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### 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 June 30 are reconciled to their Brazilian standard rates as follows:

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
Profit before income tax and social contribution	613	1,008
Standard rates	34%	34%
Income tax and social contribution at standard rates	(208)	(343)
Adjustments for the calculation of income tax and social contribution at effective rates		
Equity in the results of investees	219	39
Differences in the tax rates of foreign subsidiaries	77	64
Tax on mining operations	(10)	(21)
Income tax and social contribution losses without recording the deferred amounts	(193)	(52)
Other additions, net	(35)	(22)
Income tax and social contribution calculated	(150)	(335)
Current	(306)	(423)
Deferred	156	88
Income tax and social contribution expenses	(150)	(335)
Effective rate - %	24%	33%

#### (b) Breakdown of deferred tax balances

	6/30/2016	12/31/2015
Tax credits on tax losses	2,137	2,091
Tax credits on temporary differences		
Foreign exchange gains	1,349	2,544
Tax, civil and labor provision	468	489
Tax benefit on goodwill	267	4
Deferred losses on derivative instruments	205	33
Estimation for losses on investments	196	200
Use of public assets	180	183
ARO	142	127
Estimation for inventory losses	123	126
Fair value of biological assets	56	58
Environmental liabilities	25	31
Estimation for asset disposals	8	17
Other tax credits on temporary differences	286	321
Tax debits on temporary differences		
Accelerated depreciation and adjustment of useful lives	(1,444)	(1,428)
Market value adjustments to property, plant and equipment	(1,412)	(1,760)
Goodwill amortization	(346)	(300)
Financial instruments - firm commitment	(294)	(329)
Fair value adjustments	(187)	
Deferred gains on derivative instruments	(170)	(148)
Capitalized interest	(137)	(134)
Adjustment to present value	(56)	(56)
Pension funds	(41)	(40)
Asset retirement obligation	(6)	(7)
Borrowing costs	(4)	(5)
Other tax debits on temporary differences	(41)	(13)
Net	1,304	2,004
Net deferred tax assets related to the same legal entity	3,201	4,065
Net deferred tax liabilities related to the same legal entity	(1,897)	(2,061)

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

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
Opening balance	2,004	692
Effects on the results of the semester	156	88
Deferred income tax and social contribution on hedge accounting	(1,023)	636
Effects of foreign exchange variation in other comprehensive income	155	(102)
Effect of subsidiaries included in the consolidation	13	
Other	(1)	56
Closing balance	1,304	1,370

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### 20 Deferred revenue - obligation for performance

In December 2014, the controlled Votener assigned to a financial institution the receivables up to the December 2019 maturity due to marketing contracts for Electricity in the Regulated Environment, equivalent to R\$ 1,252, with no right of return and without the Company holding joint liability. For the assignment of receivables, the Votener received a total amount of R\$ 904, and the interest to be appropriated is being recognized pro rata to income over the term of the contract.

In May 2015, the 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, the Votener received the total amount R\$ 251, and the interest to be appropriated is being recognized pro rata to income over the term of the contract.

The updated amount of these operations on June 30, 2016 is R\$ 885 of principal and R\$ 49 of interest expenses recorded in the statement of income (December 31, 2015 - R\$ 1,048 of principal).

### 21 Provision

#### (a) Breakdown and changes

							1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
							Legal claims	
	ARO (i)	Restructuring	Tax	Labor	Civil	Other	Total	Total
Opening balance	1,159	20	595	180	173	62	2,189	1,910
Present value adjustment	29						29	20
Additions			53	56	22	7	138	123
Reversals		(19)	(56)	(57)	(16)	(8)	(156)	(162)
Judicial deposits, net of write-offs			(24)	(10)	(2)		(36)	(21)
Settlement with cash	(13)		(5)	(13)	(12)	(1)	(44)	(111)
Transfers								(13)
Effect of subsidiaries included in consolidation			56	20	3		79	
Monetary restatement			58	27	12	1	98	63
Foreign exchange variation	(111)	(1)	(9)	(3)	(1)	(7)	(132)	64
Revision of estimated cash flow	6						6	
Closing balance	1,070		668	200	179	54	2,171	1,873

(i) Asset retirement obligation

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

							6/30/2016	12/31/2015
	Judicial deposits	Provision	Net amount	Outstanding judicial deposits (i)	Judicial deposits	Provision	Net amount	Outstanding judicial deposits (i)
Tax	(533)	1,201	668	254	(509)	1,104	595	224
Labor	(87)	287	200	79	(77)	257	180	39
Civil	(14)	193	179	101	(12)	185	173	86
Other		54	54			62	62	
	(634)	1,735	1,101	434	(598)	1,608	1,010	349

(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 the 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 detailed below.

	6/30/2016	12/31/2015
Civil	7,229	6,766
Tax	6,964	4,983
Environmental	461	539
Labor and social security	488	429
	15,142	12,717

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

Nature	6/30/2016	12/31/2015
"ICMS" - Credit utilization (i)	722	
Compensation for exploration for mineral resources	523	476
Disallowances of "PIS/COFINS" credits	308	367
Tax assessment notice - "IRPJ/CSLL" (ii)	304	154
Disallowance of "IRPJ" negative balance (iii)	301	155
Offset of tax loss - 30% limit (merger)	261	250
"IRPJ/CSLL" - transfer costs (iv)	212	
"ICMS" transfer costs	210	206
"IRPJ/CSLL" - Profits abroad	163	155
"ICMS" requirement on TUSD	128	199
Other lawsuits of individual amounts lower than R\$ 100	3,832	3,021
	6,963	4,983

Refer, substantially to the effects of the subsidiaries arising from the VPAR incorporation operation, according to Note 1 (i).

The main changes in the proceedings that occurred in the semester ended June 30, 2016, compared to those detailed in Note 23 (e.1) to the last annual financial statements were:

#### (i) "ICMS" - Credit utilization

Between 2011 and 2013, eight infringement and imposition assessments were registered against Citrovita Agro Industrial Ltda., aiming at, mainly, the payment of "ICMS" already credited, as highlighted in transfer invoices to other subsidiaries for exportation, which cannot be taxed. The assessments are worth, on July 30, 2016, R\$ 722.

From the eight mentioned litigations, only one awaits trial in the first administrative instance, while all the other ones have already had decision published by this instance, being: (i) three of them with decision totally unfavorable; (ii) four of them in which the decision maintained only in part, decreasing the registered value. Because of these decisions, the Company and Procuradoria da Fazenda Estadual de São Paulo presented recourses, which await appraisal by the Taxation and Duty Court.

#### (ii) 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. The tax authorities appealed against the decision. Currently, the Company awaits the judgment of the Office of Appeal. On June 30, 2016, the fined updated value is R\$ 143.

#### (iii) Disallowance of "IRPJ" negative balance

VSA, its subsidiary CBA and Cia. Brasileira Nitroquímica LTDA.- ("CNQB"), sold by the Company to third parties, received assessment notices relating to the disallowance of negative balance of income tax for the 2006 calendar year (VSA), 2003, 2004 and 2006 (CNQB) and 2008 (CBA), totaling a restated amount of R\$ 301 on June 30, 2016. The case is currently awaiting judgment on the objections presented by the companies. Responsibility for any liabilities of CNQB, according to the purchase agreement, lies with the Company.

#### (iv) "IRPJ/CSLL" - transfer costs

Between 2007 and 2010 four infringement assessments were registered against its subsidiary Citrovita Agro Industrial Ltda., aiming the payment of "IRPJ" and "CSLL" and the adjustment in the base for fiscal loss and the negative base for "CSLL", because of disallowances made in the adjustments that happened when calculating transfer costs, in 2003 and 2004 periods, worth R\$ 212, updated until June 30, 2016.

All litigation were judged by Delegacia da Receita Federal de Julgamento, being three of them in favor of Citrovita. In another case, the decision was partially unfavorable. Because of that, the recourses were presented and, in the moment await judgment by the Conselho Administrativo de Recursos Fiscais.

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

Nature	6/30/2016	12/31/2015
Public civil suit - Violation of the economic order	3,466	3,309
Administrative investigations carried out by the "SDE"	2,022	1,919
Arbitration - Petrolina Aggregates Operation (i)	333	317
Indemnity lawsuits	268	270
Litigation with a São Paulo transportation company	173	168
Litigation in Brasília	48	46
Other lawsuits	919	737
	7,229	6,766

The main changes in the proceedings that occurred in the Semester ended June 30, 2016, compared to those detailed in Note 23 (e.3) to the last annual financial statements were:

#### (i) Arbitration - Petrolina Aggregates Operation

This refers to arbitration proceedings filed with the Centro das Indústrias do Estado de São Paulo ("CIESP")/Federação das Indústrias do Estado de São Paulo ("FIESP") Conciliation, Mediation and Arbitration Chamber, initiated in January 2014, which relate to the sale of shares in the companies São Francisco Zeta and Petrolina Zeta to Pedreira Pedra Negra, and the sellers' obligation to engage in a new business in Palmas - Tocantins, which afterward would be sold to Pedra Negra. The claimants request: (i) the rescission of the agreement entered into by the parties, even if partially; and (ii) that Pedra Negra be sentenced to pay compensation for damages and pain and suffering. Pedra Negra, on the other hand, requests: (i) that the sellers be sentenced to buy back the shares held by shareholders P-z and SF-z and pay the amounts agreed with the defendant in the Agreement for the Acquisition of São Francisco Zeta and Petrolina Zeta Shares, or alternatively (ii) the termination of the agreements by exclusive fault of the sellers, and that the sellers be sentenced to return the amounts disbursed by Pedra Negra under such agreements, duly adjusted for inflation; and (iii) that the sellers be sentenced to pay compensation for damages related to the nonperformance of the agreements entered into by the parties. On February 2016, the Arbitration Chamber delivered a judgment considering Mario Gonzaga's requests unfounded and upheld Pedra Negra's requests, declaring that Mario Gonzaga repurchased the operations, and requiring him to pay the amount set in the contract to Pedra Negra within 30 days. Mario Gonzaga presented a clarification request and Pedra Negra its response. On April 2016, the court rejected the request for clarification and maintained the verdict in all of its terms, starting to run the time of 30 days for voluntary settlement of the decision by Mario Gonzaga. Before the deadline Mario Gonzaga filed a lawsuit, with an injunction request to suspend the decision of the arbitration, alleging defects. The judge granted the lawsuit to suspend the decision of the arbitration. Pedreira Pedra Negra appealed to the decision and Pernambuco's court decided to reestablish the verdict pronounced by the arbitration, allowing Pedra Negra to execute it. Currently, it is awaited for the arbitration execution. The expectation of loss in this matter is considered possible, and the Company has not established any provision for this claim. On June 30, 2016, the amount under litigation was R\$ 333.

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### 22 Equity

#### (a) Share capital

On June 30, 2016, the fully subscribed and paid up capital of the Company was R\$ 28,656 (December 31, 2015 - R\$ 21,419) consisting, on June 30, 2016 and December 31, 2015, of 18,278,789 thousand common shares.

At the Extraordinary General Meeting held on January 1, 2016, the Directors approved an increase in the Company's share capital through the merger of VPAR in the amount of R\$ 7,237, without issuing new shares and without stock change of control, as explained in Note 1 (i).

#### (b) Dividends

At the Ordinary General Meeting held on April 29, 2016, the Company reverted R\$ 113 regarding VPAR 2015 minimum mandatory dividends, incorporated to the Company.

### 23 Net revenue

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
Gross revenue		
Sales of products - domestic market	8,377	9,113
Sales of products - foreign market	6,972	6,481
Supply of electric energy	1,220	1,736
Services provided	336	461
	16,905	17,791
Taxes on sales, services and other deductions	(2,614)	(2,776)
Net revenue	14,291	15,015

### 24 Expenses by nature

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
Raw materials, inputs and consumables	8,048	8,070
Employee benefit expenses	2,393	2,197
Depreciation, amortization and depletion	1,398	1,296
Outsourced services	754	785
Transportation expenses	618	582
Other expenses	146	261
	13,357	13,191
<b>Reconciliation</b>		
Cost of products sold and services rendered	11,300	11,283
Selling expenses	979	859
General and administrative expenses	1,078	1,049
	13,357	13,191

### 25 Employee benefit expenses

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
Salaries and bonuses	1,437	1,356
Payroll charges	614	542
Social benefits	342	299
	2,393	2,197

### 26 Other operating expenses, net

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
Gain on sale of investments, net (i)	312	
Gain on sale of fixed and intangible assets, net	43	56
Tax benefits	42	75
Net gain on co-processing	6	10
Recovery of taxes	2	13
Reversal (provision for) impairment of fixed assets	(14)	17
Effects of idleness of the temporary hold on nickel	(32)	
Financial instrument - firm commitment (ii)	(34)	(114)
Investment impairment Votorantim Europe KFT and Votorantim Warehouses NV	(43)	
Gain (loss) on hedge	(55)	6
Spending on not activatable projects	(78)	(44)
Other income (expenses), net	(26)	15
	123	34

(i) Refers mainly to sale of the indirect investee of investee Sirama in the amount of R\$ 293 as described in Note 1 (ii) and the sale of the stake that the Company held in Candiota Mining Ltda., amounting to R\$ 4.

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

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### 27 Finance results, net

	1/1/2016 to 6/30/2016	1/1/2015 to 6/30/2015
<b>Finance income</b>		
Income from financial investments	394	236
Discount on repurchase of bonds	170	
Fair value of borrowings	106	
Interest on financial assets	81	55
Monetary updating of assets	64	62
Interest on related-party transactions (Note 12)	13	31
Discounts obtained	10	17
Other finance income	7	86
	<b>845</b>	<b>487</b>
<b>Finance costs</b>		
Interest on borrowing	(891)	(871)
Capitalization of borrowing costs	22	42
Interest on anticipation of receivables	(51)	(36)
Interest and monetary restatement - use of public assets	(86)	(75)
Monetary restatement of provisions	(76)	(106)
Income tax on remittances of interest abroad	(56)	(74)
Fair value of loans and financing	(49)	
Borrowing fees	(37)	(30)
"PIS/COFINS" on financial results	(34)	
Adjustment to present value CPC 12	(32)	(9)
Discounts granted	(22)	(21)
Interest on related-party transactions (Note 12)	(2)	(20)
Premium paid on repurchase of bonds		(98)
Adjustments to monetary restatements on tax credits - "Plano Verão"		(55)
Other finance costs	(126)	(71)
	<b>(1,440)</b>	<b>(1,424)</b>
<b>Income from derivative financial instruments</b>		
Revenue	21	220
Expenses	(1,091)	(89)
	<b>(1,070)</b>	<b>131</b>
Foreign exchange and monetary variation, net	577	(158)
Finance results, net	<b>(1,088)</b>	<b>(964)</b>

### 28 Insurance

	Facilities, equipment and inventories
Type of coverage	Coverage amount
Property damage	54,200
Loss of profits	9,723

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### 29 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 opening of the 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 annualized for 2016 and 2015, as loan covenants, are summarized as follows:

	Industrial segments	
	6/30/2016	12/31/2015
<b>Adjusted EBITDA</b>		
Profit for the period	176	382
Plus (less):		
Equity in the results of investees	(843)	(311)
Net financial results - continuing operations	2,151	2,012
Net financial results - discontinued operations	9	9
Income and social contribution taxes - continuing operations	781	972
Income and social contribution taxes - discontinued operations	(2)	(2)
Depreciation, amortization and depletion - continuing operations	2,856	2,754
Depreciation, amortization and depletion - discontinued operations	1	1
<b>EBITDA before the results of subsidiaries and joint ventures</b>	<b>5,129</b>	<b>5,817</b>
Plus (less):		
Dividends received	783	716
Extraordinary items		
EBITDA - discontinued operations	(2)	2
Fair value of biological assets	40	45
Impairment - property, plant, equipment	679	651
Gain on sale of investments, net	(550)	(238)
Provision (reversal) for impairment of investments	40	(3)
Other	4	4
<b>Adjusted annualized EBITDA (A)</b>	<b>6,122</b>	<b>6,994</b>
<b>Net debt ratio</b>		
Borrowing	24,608	30,531
Cash and cash equivalents, financial investments and derivative financial instruments	(7,768)	(11,085)
<b>Net debt (B)</b>	<b>16,840</b>	<b>19,446</b>
Gearing ratio (A/B)	2.75	2.78



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### (b) Balance sheet - business segments

											6/30/2016
	Cement	Zinc and byproducts	Aluminum	Steel	Nickel	Holding and other	Eliminations and reclassifications	Total, industrial segments	Financial	Eliminations and reclassifications	Total, consolidated
<b>Assets</b>											
Current											
Cash and cash equivalents, financial investments and derivative financial instruments	3,680	2,414	1,083	238	294	707		8,416	101		8,517
Trade receivables	1,091	232	343	422	29	597	(340)	2,374			2,374
Inventory	1,422	869	606	659	37	73		3,666			3,666
Taxes recoverable	443	329	87	153	203	135		1,350	80		1,430
Dividends receivable	8		9		3	176	(187)	9			9
Financial instruments - firm commitment			158			147		305			305
Other assets	299	107	26	53	8	58		551			551
	6,943	3,951	2,312	1,525	574	1,893	(527)	16,671	181		16,852
Assets classified as held-for-sale	34					1		35			35
Non-current assets											
Long-term receivables											
Financial investments and derivative financial instruments	163			116		185		464			464
Taxes recoverable	236	95	331	36	498	515		1,711			1,711
Financial instruments - firm commitment			387			192		579			579
Deferred income tax and social contribution	1,088	598	369	75		787	263	3,180	21		3,201
Related parties	421	3	2	16	359	2,660	(2,340)	1,121			1,121
Judicial deposits	188	26	103	41	26	45		429	5		434
Other assets	401	41	13	43	3	261	(14)	748			748
	2,497	763	1,205	327	886	4,645	(2,091)	8,232	26		8,258
Investments	1,029		727	113	130	32,499	(21,610)	12,888	4,653	(4,690)	12,851
Property, plant and equipment	12,340	5,519	4,471	3,127	682	1,405		27,544	1		27,545
Biological assets				69	4	59		132			132
Intangible assets	6,183	6,887	580	282	244	80	(774)	13,482			13,482
	22,049	13,169	6,983	3,918	1,946	38,688	(24,475)	62,278	4,680	(4,690)	62,268
Total assets	29,026	17,120	9,295	5,443	2,520	40,582	(25,002)	78,984	4,861	(4,690)	79,155

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											6/30/2016
	Cement	Zinc and byproducts	Aluminum	Steel	Nickel	Holding and other	Eliminations and reclassifications	Total, industrial segments	Financial	Eliminations and reclassifications	Total, consolidated
<b>Liabilities and equity</b>											
<b>Current liabilities</b>											
Borrowing	1,297	124	232	197	19	73		1,942			1,942
Derivative financial instruments	254	126	13	46	6	75		520			520
Trade payables	1,030	964	398	364	63	385	(325)	2,879			2,879
Confirming payable	450	274		60				784			784
Salaries and payroll charges	316	150	81	82	30	68		727			727
Taxes payable	220	43	25	95	2	61		446	2		448
Advances from customers	33	3	31	98	2	12		179			179
Dividends payable	169	6	10			61	(187)	59			59
Use of public assets	30	5	25			3		63			63
Related parties			223				(223)				
Financial instruments - firm commitment				8				8			8
Other	349	34	29	162	10	301		885	1		886
	4,148	1,729	1,067	1,112	132	1,039	(735)	8,492	3		8,495
<b>Non-current liabilities</b>											
Borrowing	13,913	2,302	2,445	736	990	2,280		22,666			22,666
Derivative financial instruments	439	6		84	6	57		592			592
Deferred income tax and social contribution	492	969	1	130		137		1,729	168		1,897
Related parties	170	169	869	517	74	442	(2,147)	94			94
Provisions	827	685	256	104	206	93		2,171			2,171
Use of public assets	473	74	526			53		1,126			1,126
Pension plan	148			112				260			260
Financial instruments - firm commitment	10			14				24			24
Other	236	59	45	83	29	718		1,170			1,170
	16,708	4,264	4,142	1,780	1,305	3,780	(2,147)	29,832	168		30,000
<b>Equity</b>											
Total equity attributable to owners of the Company	7,627	7,178	4,086	2,477	1,083	35,763	(20,450)	37,764	4,690	(4,690)	37,764
Non-controlling interests	543	3,949		74			(1,670)	2,896			2,896
	8,170	11,127	4,086	2,551	1,083	35,763	(22,120)	40,660	4,690	(4,690)	40,660
<b>Total liabilities and equity</b>	<b>29,026</b>	<b>17,120</b>	<b>9,295</b>	<b>5,443</b>	<b>2,520</b>	<b>40,582</b>	<b>(25,002)</b>	<b>78,984</b>	<b>4,861</b>	<b>(4,690)</b>	<b>79,155</b>

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### (c) Statement of income - business segments

	1/1/2016 to 6/30/2016										
	Cement	Zinc and byproducts	Aluminum	Steel	Nickel	Holding and other	Eliminations	Total, industrial segments	Financial	Eliminations	Total, consolidated
Net revenue from products sold and services rendered	6,253	3,124	2,033	1,825	332	2,108	(1,384) (*)	14,291			14,291
Cost of products sold and services rendered	(4,752)	(2,371)	(1,732)	(1,483)	(457)	(1,889)	1,384 (*)	(11,300)			(11,300)
<b>Gross profit (loss)</b>	<b>1,501</b>	<b>753</b>	<b>301</b>	<b>342</b>	<b>(125)</b>	<b>219</b>		<b>2,991</b>			<b>2,991</b>
<b>Operating income (expenses)</b>											
Selling	(550)	(164)	(49)	(185)	(5)	(26)		(979)			(979)
General and administrative	(437)	(180)	(79)	(143)	(55)	(177)		(1,071)	(7)		(1,078)
Other operating income (expenses), net	363	(123)	(98)	19	(74)	36		123			123
	(624)	(467)	(226)	(309)	(134)	(167)		(1,927)	(7)		(1,934)
<b>Operating profit (loss) before equity results and finance results</b>	<b>877</b>	<b>286</b>	<b>75</b>	<b>33</b>	<b>(259)</b>	<b>52</b>		<b>1,064</b>	<b>(7)</b>		<b>1,057</b>
<b>Result from equity investments</b>											
Equity in the results of investees	52	(1)	91	14	13	1,492	(1,059)	602	(37)	35	600
Realization of other comprehensive income on disposal of investments	44							44			44
	96	(1)	91	14	13	1,492	(1,059)	646	(37)	35	644
<b>Finance results, net</b>											
Finance income	571	28	63	31	28	170	(62)	829	16		845
Finance costs	(890)	(102)	(229)	(81)	(37)	(162)	62	(1,439)	(1)		(1,440)
Derivative financial instruments	(723)	(5)	2	(137)	(5)	(202)		(1,070)			(1,070)
Foreign exchange gains (losses), net	455	493	524	103	270	13	(1,281)	577			577
	(587)	414	360	(84)	256	(181)	(1,281)	(1,103)	15		(1,088)
<b>Profit (loss) before income tax and social contribution</b>	<b>386</b>	<b>699</b>	<b>526</b>	<b>(37)</b>	<b>10</b>	<b>1,363</b>	<b>(2,340)</b>	<b>607</b>	<b>(29)</b>	<b>35</b>	<b>613</b>
<b>Income tax and social contribution</b>											
Current	(112)	(106)	(20)	(42)		(24)		(304)	(2)		(306)
Deferred	12	(108)	(154)	7		59	344	160	(4)		156
<b>Profit (loss) for the semester from continuing operations</b>	<b>286</b>	<b>485</b>	<b>352</b>	<b>(72)</b>	<b>10</b>	<b>1,398</b>	<b>(1,996)</b>	<b>463</b>	<b>(35)</b>	<b>35</b>	<b>463</b>
<b>Discontinued operations</b>											
Loss for the semester from discontinued operations	(1)							(1)			(1)
<b>Profit (loss) for the semester</b>	<b>285</b>	<b>485</b>	<b>352</b>	<b>(72)</b>	<b>10</b>	<b>1,398</b>	<b>(1,996)</b>	<b>462</b>	<b>(35)</b>	<b>35</b>	<b>462</b>
Profit (loss) attributable to the owners of the Company	263	414	352	(66)	10	1,398	(1,969)	402	(35)	35	402
Profit (loss) attributable to non-controlling interests	22	71		(6)			(27)	60			60
<b>Profit (loss) for the semester</b>	<b>285</b>	<b>485</b>	<b>352</b>	<b>(72)</b>	<b>10</b>	<b>1,398</b>	<b>(1,996)</b>	<b>462</b>	<b>(35)</b>	<b>35</b>	<b>462</b>

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

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	1/1/2015 to 6/30/2015							
	Cement	Zinc and byproducts	Aluminum	Steel	Nickel	Holding and other	Eliminations	Total, consolidated
Net revenue from products sold and services rendered	6,491	2,891	2,100	2,003	583	2,308	(1,361) (*)	15,015
Cost of products sold and services rendered	(4,666)	(2,216)	(1,662)	(1,622)	(547)	(1,931)	1,361 (*)	(11,283)
<b>Gross profit</b>	<b>1,825</b>	<b>675</b>	<b>438</b>	<b>381</b>	<b>36</b>	<b>377</b>		<b>3,732</b>
<b>Operating income (expenses)</b>								
Selling	(516)	(131)	(27)	(163)	(5)	(17)		(859)
General and administrative	(446)	(160)	(88)	(157)	(53)	(145)		(1,049)
Other operating income (expenses), net	191	(82)	(36)	23	(21)	(41)		34
	(771)	(373)	(151)	(297)	(79)	(203)		(1,874)
<b>Operating profit (loss) before equity results and finance results</b>	<b>1,054</b>	<b>302</b>	<b>287</b>	<b>84</b>	<b>(43)</b>	<b>174</b>		<b>1,858</b>
<b>Result from equity investments</b>								
Equity in the results of investees	82		24	12	1	(114)	109	114
<b>Finance results, net</b>								
Finance income	220	15	111	40	16	134	(49)	487
Finance costs	(862)	(80)	(242)	(94)	(23)	(172)	49	(1,424)
Derivative financial instruments	118	(6)	(2)	(12)	(5)	38		131
Foreign exchange gains (losses), net	(121)	(369)	(365)	(18)	(148)	(5)	868	(158)
	(645)	(440)	(498)	(84)	(160)	(5)	868	(964)
<b>Profit (loss) before income tax and social contribution</b>	<b>491</b>	<b>(138)</b>	<b>(187)</b>	<b>12</b>	<b>(202)</b>	<b>55</b>	<b>977</b>	<b>1,008</b>
<b>Income tax and social contribution</b>								
Current	(131)	(112)	(65)	(40)	(1)	(74)		(423)
Deferred	20	123	148	37	72	(17)	(295)	88
<b>Profit (loss) for the semester from continuing operations</b>	<b>380</b>	<b>(127)</b>	<b>(104)</b>	<b>9</b>	<b>(131)</b>	<b>(36)</b>	<b>682</b>	<b>673</b>
<b>Discontinued operations</b>								
Loss for the semester from discontinued operations	(5)							(5)
<b>Profit (loss) for the semester</b>	<b>375</b>	<b>(127)</b>	<b>(104)</b>	<b>9</b>	<b>(131)</b>	<b>(36)</b>	<b>682</b>	<b>668</b>
Profit (loss) attributable to the owners of the Company	330	(117)	(104)	7	(131)	(36)	662	611
Profit (loss) attributable to non-controlling interests	45	(10)		2			20	57
<b>Profit (loss) for the semester</b>	<b>375</b>	<b>(127)</b>	<b>(104)</b>	<b>9</b>	<b>(131)</b>	<b>(36)</b>	<b>682</b>	<b>668</b>

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

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### (d) Adjusted EBITDA - business segments

	1/1/2016 to 6/30/2016									
	Cement	Zinc and byproducts	Aluminum	Steel	Nickel	Holding and other	Eliminations	Total, industrial segments	Financial	Total, consolidated
Net revenue from products sold and services rendered	6,253	3,124	2,033	1,825	332	2,108	(1,384) (*)	14,291		14,291
Cost of products sold and services rendered	(4,752)	(2,371)	(1,732)	(1,483)	(457)	(1,889)	1,384 (*)	(11,300)		(11,300)
<b>Gross profit (loss)</b>	<b>1,501</b>	<b>753</b>	<b>301</b>	<b>342</b>	<b>(125)</b>	<b>219</b>		<b>2,991</b>		<b>2,991</b>
<b>Operating income (expenses)</b>										
Selling	(550)	(164)	(49)	(185)	(5)	(26)		(979)		(979)
General and administrative	(437)	(180)	(79)	(143)	(55)	(177)		(1,071)	(7)	(1,078)
Other operating income (expenses), net	363	(123)	(98)	19	(74)	36		123		123
	(624)	(467)	(226)	(309)	(134)	(167)		(1,927)	(7)	(1,934)
<b>Operating profit (loss) before equity results and finance results</b>	<b>877</b>	<b>286</b>	<b>75</b>	<b>33</b>	<b>(259)</b>	<b>52</b>		<b>1,064</b>	<b>(7)</b>	<b>1,057</b>
<b>Plus:</b>										
Depreciation, amortization and depletion - continuing operations	526	499	153	125	37	58		1,398		1,398
<b>EBITDA</b>	<b>1,403</b>	<b>785</b>	<b>228</b>	<b>158</b>	<b>(222)</b>	<b>110</b>		<b>2,462</b>	<b>(7)</b>	<b>2,455</b>
<b>Plus:</b>										
Dividends received	13		32				88	133	57	190
<b>Exceptional items</b>										
Loss (gain) on sale of investments, net	(297)	(2)	24				(37)	(312)		(312)
Investment impairment							43	43		43
Fair value of biological assets							(5)	(5)		(5)
Reversal of impairment of goodwill	15	(1)	1		(1)			14		14
<b>Adjusted EBITDA</b>	<b>1,134</b>	<b>782</b>	<b>285</b>	<b>158</b>	<b>(223)</b>	<b>199</b>		<b>2,335</b>	<b>50</b>	<b>2,385</b>

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

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	1/1/2015 to 6/30/2015							Total, consolidated
	Cement	Zinc and byproducts	Aluminum	Steel	Nickel	Holding and other	Eliminations	
Net revenue from products sold and services rendered	6,491	2,891	2,100	2,003	583	2,308	(1,361) (*)	15,015
Cost of products sold and services rendered	(4,666)	(2,216)	(1,662)	(1,622)	(547)	(1,931)	1,361 (*)	(11,283)
<b>Gross profit</b>	<b>1,825</b>	<b>675</b>	<b>438</b>	<b>381</b>	<b>36</b>	<b>377</b>		<b>3,732</b>
<b>Operating income (expenses)</b>								
Selling	(516)	(131)	(27)	(163)	(5)	(17)		(859)
General and administrative	(446)	(160)	(88)	(157)	(53)	(145)		(1,049)
Other operating income (expenses), net	191	(82)	(36)	23	(21)	(41)		34
	(771)	(373)	(151)	(297)	(79)	(203)		(1,874)
<b>Operating profit (loss) before equity results and finance results</b>	<b>1,054</b>	<b>302</b>	<b>287</b>	<b>84</b>	<b>(43)</b>	<b>174</b>		<b>1,858</b>
<b>Plus:</b>								
Depreciation, amortization and depletion - continuing operations	476	451	148	122	48	51		1,296
<b>EBITDA</b>	<b>1,530</b>	<b>753</b>	<b>435</b>	<b>206</b>	<b>5</b>	<b>225</b>		<b>3,154</b>
<b>Plus:</b>								
Dividends received	15			8		44		67
<b>Exceptional items</b>								
Fair value of biological assets								
Reversal of impairment of goodwill	(14)							(14)
<b>Adjusted EBITDA</b>	<b>1,531</b>	<b>753</b>	<b>435</b>	<b>214</b>	<b>5</b>	<b>269</b>		<b>3,207</b>

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

### 30 Events after the reporting period

#### (a) Incorporation of VMSA

In July, 2016, CBA incorporated the net total accounting assets, worth R\$ 627, corresponding to VMSA's equity, which was, until then, controlled by the Company. This associate reset is part of the strategy defined by the industrial conglomerate, of which CBA and VMSA are part, which aims at managing and financial costs reduction, as well as optimizing business management. As a result of this incorporation, the Company had its social capital increased by the value of the net accounting total assets.

#### (b) Borrowing VCEAA

In July, 2016, VCEAA hired borrowings worth EUR 100 million (R\$ 359) due in 2021 and 2023. The proceeds of this operation will be used to pay a debt due in 2017 in advance.