(A free translation of the original in Portuguese)

Votorantim Industrial S.A.

Consolidated condensed interim financial statements at March 31, 2014 and report on review

(A free translation of the original in Portuguese)

Report on review of interim condensed interim financial statements

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

Introduction

We have reviewed the accompanying consolidated interim balance sheet of Votorantim Industrial S.A. and its subsidiaries (the "Company"), as at March 31, 2014 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended.

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

Scope of review

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

Conclusion

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

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Votorantim Industrial S.A.

Other matters - supplementary information

Statements of value added

We have reviewed the consolidated statements of value added for the quarter ended March 31, 2014, prepared under the responsibility of the Company's management and presented as supplementary information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the consolidated condensed interim financial statements taken as a whole.

Curitiba, May 14, 2014

PricewaterhouseCoopers

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Carlos Eduardo Guaraná Mendonça
Contador CRC 1SP196994/O-2

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Votorantim Industrial S.A.

Interim consolidated balance sheet
All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	3/31/2014	12/31/2013
Assets			
Current assets			
Cash and cash equivalents	8	2,431	2,498
Financial investments	9	2,327	4,092
Derivative financial instruments	6.1.1	89	108
Trade receivables	10	2,165	2,145
Inventory	11	3,370	3,402
Taxes recoverable	12	880	1,048
Dividends receivable	14	70	28
Call options	15	31	127
Other assets	16	1,098	710
		12,461	14,158
Assets held for sale	13 (a)	749	788
		13,210	14,946
Non-current assets			
Long-term receivables			
Financial investments	9	39	41
Taxes recoverable	12	1,610	1,618
Related parties	14	1,902	1,977
Deferred income tax and social contribution	23 (b)	4,053	4,056
Judicial deposits	26 (c)	507	446
Other assets	16	370	355
		8,481	8,493
Investments	17	5,850	5,930
Property, plant and equipment	18	26,005	26,314
Biological assets	19	105	109
Intangible assets	20	11,334	11,747
		51,775	52,593
Total assets		64,985	67,539

	Note	3/31/2014	12/31/2013
Liabilities and equity			
Current liabilities			
Borrowing	21	2,088	1,517
Derivative financial instruments	6.1.1	70	116
Trade payables		2,769	2,807
Payables - trading	22	94	112
Salaries and payroll charges		493	758
Income tax and social contribution		115	146
Taxes payable		358	357
Dividends payable to the owners of the Company	14	139	104
Dividends payable to non-controlling interests	14	62	47
Advances from customers		204	191
Use of public assets	27	61	60
Other liabilities	24	473	539
		6,926	6,754
Liabilities related to assets held for sale	13 (b)	372	390
		7,298	7,144
Non-current liabilities			
Borrowing	21	20,075	21,918
Derivative financial instruments	6.1.1	39	12
Related parties	14	921	916
Deferred income tax and social contribution	23 (b)	3,588	3,538
Tax, civil, labor and environmental provisions	26	1,135	1,133
Use of public assets	27	961	935
Provision for asset decommissioning	28	867	876
Pension plan		338	374
Other liabilities	24	769	740
		28,693	30,442
Total liabilities		35,991	37,586
Equity	29		
Share capital		20,167	20,167
Revenue reserves		5,960	6,294
Accumulated losses		(21)	
Carrying value adjustments		(346)	61
Total equity attributable to owners of the Company		25,760	26,522
Non-controlling interests		3,234	3,431
Total equity		28,994	29,953
Total liabilities and equity		64,985	67,539

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

Votorantim Industrial S.A.

Interim consolidated statement of income
Quarters ended March 31
All amounts in millions of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Continuing operations			
Net revenue from products sold and services rendered	30	6,577	5,913
Cost of products sold and services rendered		(4,850)	(4,515)
Gross profit		1,727	1,398
Operating income (expenses)			
Selling		(441)	(360)
General and administrative		(502)	(534)
Other operating income, net	31	78	78
		(865)	(816)
Operating profit before equity results and finance results		862	582
Result from equity investments			
Equity in the results of investees	17	29	35
		29	35
Finance results, net	32		
Finance costs		(993)	(324)
Finance income		170	118
Foreign exchange gains (losses), net		75	30
		(748)	(176)
Profit before income tax and social contribution		143	441
Income tax and social contribution	23		
Current		(164)	(110)
Deferred		35	(121)
Profit for the quarter from continuing operations		14	210
Discontinued operations			
Loss for the quarter from discontinued operations	13 (c)	(6)	(11)
Profit for the quarter		8	199
Profit (loss) attributable to the owners of the Company		(6)	213
Profit (loss) attributable to non-controlling interests		14	(14)
Profit for the quarter		8	199
Weighted average number of shares		17,687,578,915	17,501,930,932
Basic and diluted earnings per thousand shares*		0.45	12.17
From continuing operations:			
Basic and diluted earnings per thousand shares*		0.79	12.80
From discontinued operations:			
Basic and diluted loss per thousand shares*		(0.34)	(0.63)

* Considers in 2014, for purposes of dilution, 90,000 shares related to securities convertible into shares (Note 29 (f)).

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Votorantim Industrial S.A.

Interim consolidated statement of comprehensive income
Quarters ended March 31
All amounts in millions of reais(A free translation of the original in Portuguese)

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Profit for the quarter	8	199
Other components of comprehensive income net of income tax and social contribution to be subsequently reclassified to profit or loss		
Foreign exchange gains (losses) on foreign investments	(807)	(337)
Hedge accounting of net investments in foreign operations	224	107
Hedge accounting for the operations of subsidiaries	27	71
Share in other comprehensive income of investees		16
	(556)	(143)
Other components of comprehensive income net of income tax and social contribution to be subsequently reclassified to profit or loss		
Remeasurement of retirement benefits	(5)	(3)
Other comprehensive income for the quarter	(561)	(146)
Total comprehensive income for the quarter	(553)	53
Comprehensive income attributable to		
Owners of the Company	(441)	115
Non-controlling interests	(140)	(62)
	(581)	53

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

Votorantim Industrial S.A.
Interim statement of changes in equity
Quarters ended March 31
All amounts in millions of reais

(A free translation of the original in Portuguese)

		Attributable to owners of the parent								
			Revenue reserves							
	Note	Share capital	Tax incentives	Legal	Profit retention	Accumulated deficit	Carrying value adjustments	Equity attributable to the owners of the Company	Non-controlling interests	Equity
At January 1, 2014		20,167	6	555	5,733		61	26,522	3,431	29,953
Total comprehensive income for the quarter										
Profit (loss) for the quarter						(6)		(6)	14	8
Components of comprehensive income for the quarter							(407)	(407)	(154)	(561)
Total comprehensive income for the quarter						(6)	(407)	(413)	(140)	(553)
Total distributions to stockholders										
Securities convertible into shares	29 (f)					(15)		(15)		(15)
Acquisition of non-controlling interests	17 (e) (i)				(72)			(72)	(100)	(172)
Reclassification from non-controlling interests to revenue reserve	29 (g)				(43)			(43)	43	
Dividends (R$ 12.38 per thousand shares)					(219)			(219)		(219)
Total contributions by and distributions to stockholders					(334)	(15)		(349)	(57)	(406)
At March 31, 2014		20,167	6	555	5,399	(21)	(346)	25,760	3,234	28,994

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

Votorantim Industrial S.A.
Interim statement of changes in equity
Quarters ended March 31
All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	Share capital	Tax incentives	Legal	Profit retention	Retained earnings	Carrying value adjustments	Equity attributable to the owners of the Company	Non-controlling interests	Equity
		Attributable to owners of the parent								
			Revenue reserves							
At January 1, 2013		19,907	5	533	5,515		(1,436)	24,524	3,251	27,775
Total comprehensive income for the quarter										
Profit (loss) for the quarter						213		213	(14)	199
Components of comprehensive income for the quarter							(98)	(98)	(48)	(146)
Total comprehensive income for the quarter						213	(98)	115	(62)	53
Total distributions to stockholders										
Reversal of dividends and interest on capital of investee						62		62		62
Dividends (R$ 10.06 per thousand shares)					(176)			(176)		(176)
Total distributions to stockholders					(176)	62		(114)		(114)
At March 31, 2013		19,907	5	533	5,339	275	(1,534)	24,525	3,189	27,714

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

Votorantim Industrial S.A.

Interim consolidated statement of cash flows
Quarters ended March 31

All amounts in millions of reais (A free translation of the original in Portuguese)

	Note	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Cash flow from operating activities			
Profit before income tax and social contribution from continuing operations		143	441
Losses on discontinued operations		(6)	(11)
Adjustments of items that do not represent changes in cash and cash equivalents			
Interest, indexation and foreign exchange gains (losses)		380	314
Equity in the results of investees	17	(29)	(35)
Depreciation, amortization and depletion	18,19 and 20	567	501
Gain on sale of non-current assets		1	(3)
Call options	31	96	
Change in fair value of biological assets	19	(1)	
Derivative financial instruments		15	(24)
Provision		94	38
		1,260	1,221
Changes in assets and liabilities			
Financial investments		1,877	(174)
Derivative financial instruments		24	(8)
Trade receivables		(35)	(164)
Inventory		38	(9)
Taxes recoverable		176	(62)
Other receivables and assets		(465)	(92)
Trade payables		(48)	(246)
Payables - trading		(18)	22
Salaries and payroll charges		(265)	(145)
Taxes payable		(124)	7
Advances from customers		13	151
Use of public asset		36	12
Other obligations and liabilities		(155)	(304)
Cash provided by operations		2,314	209
Interest paid on borrowing and use of public asset		(312)	(231)
Income tax and social contribution paid		(70)	(101)
Net cash provided by (used in) operating activities		1,932	(123)
Cash flow from investing activities			
Purchases of property, plant and equipment		(460)	(559)
Increase in biological assets	19	(5)	(6)
Increase in intangible assets		(2)	(32)
Acquisition of investments			(328)
Capital increase in investees	17		(4)
Proceeds from sale of non-current assets		28	19
Dividends received		5	12
Net cash used in investing activities		(434)	(898)
Cash flow from financing activities			
New borrowing	21	1,453	1,111
Repayment of borrowing	21	(2,330)	(735)
Derivative financial instruments		(81)	(2)
Related parties		80	(33)
Premium paid on the Tender Offer	32	(270)	
Acquisition of non-controlling interest - VCNEE	17 (e) (i)	(172)	
Payment of dividends		(169)	(178)
Net cash provided by (used in) financing activities		(1,489)	163
Increase (decrease) in cash and cash equivalents		9	(858)
Effect of fluctuations in exchange rates		(76)	(26)
Cash and cash equivalents at the beginning of the quarter		2,498	2,971
Cash and cash equivalents at the end of the quarter		2,431	2,087

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

Votorantim Industrial S.A.

Interim consolidated statement of value added
Quarters ended March 31
All amounts in millions of reais

(A free translation of the original in Portuguese)

	Note	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Revenue			
Sales of products and services		7,794	6,969
Other operating income	31	78	78
Provision for impairment of trade receivables	10 (b)	(15)	(17)
		7,857	7,030
Inputs acquired from third parties			
Cost of products sold and services rendered		(4,429)	(4,116)
Gross value added		3,428	2,914
Depreciation, amortization and depletion	18,19 and 20	(567)	(501)
Net value added generated by the Company		2,861	2,413
Value added received through transfer			
Equity in the results of investees	17	29	35
Finance income	32	245	148
		274	183
Total value added to distribute		3,135	2,596
Distribution of value added			
Personnel and payroll charges	34		
Direct remuneration		556	504
Benefits		236	241
Social charges		109	100
		901	845
Taxes and contributions			
Federal		523	436
State		686	612
Municipal		8	8
Deferred taxes		(35)	121
		1,182	1,177
Third-party capital remuneration			
Finance costs	32	993	324
Rentals		51	51
		1,044	375
Own capital remuneration			
Non-controlling interests		14	(14)
Reinvested profits (losses)			224
Losses on discontinued operations		(6)	(11)
		8	199
Value added distributed		3,135	2,596

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

1 General considerations

Votorantim Industrial S.A. (the "Company", the "Parent Company", or "VID") is a privately-held company, fully controlled by the Ermírio de Moraes family, and is the holding company of the industrial companies of Votorantim Participações S.A. (the "Units", "Business Units" or "BUs"). 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 segments of basic construction materials (cement, concrete, aggregate and mortar), metals (aluminum, zinc and nickel), steel, mining (zinc, copper, silver and lead), pulp and electric power generation.

2 Presentation of the interim consolidated financial statements

2.1 Basis of presentation

The interim consolidated financial statements at March 31, 2014 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 contain selected explanatory notes only, in order not to duplicate information already included in the financial statements at December 31, 2013, which were publicly disclosed on March 7, 2014.

Therefore, the interim consolidated financial statements at March 31, 2014 do not contain all of the explanatory notes and disclosures required by the accounting standards applicable to the annual financial statements. As a consequence, they should be read together with the consolidated financial statements prepared in accordance with the relevant CPCs and International Financial Reporting Standards ("IFRS") at December 31, 2013.

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, 2013.

(a) Approval of the financial statements

The Board of Directors approved these interim consolidated financial statements for issue on May 13, 2014.

All amounts in millions of reais unless otherwise stated

2.2 Main companies included in the interim consolidated financial statements

	Percentage of total capital		Percentage of voting capital		Headquarters	Main activity
Cement						
Acariúba Mineração e Participação Ltda.	100.00	100.00	100.00	100.00	Brazil	Holding company
Cementos Artigas S.A.	51.00	51.00	51.00	51.00	Uruguay	Cement
Interávia Transportes Ltda.	100.00	100.00	100.00	100.00	Brazil	Transportation
Prairie Material Sales Inc.	100.00	100.00	100.00	100.00	USA	Cement
Silcar Empreendimentos, Comércio e Participações Ltda.	100.00	100.00	100.00	100.00	Brazil	Holding company
St. Barbara Cement Inc.	100.00	100.00	100.00	100.00	Canada	Cement
St. Marys Cement Inc.	100.00	100.00	100.00	100.00	USA	Cement
Votorantim Cements Internacional Spain SE	100.00	100.00	100.00	100.00	Spain	Holding company
Votorantim Cement North America Inc.- "VCNA"	100.00	100.00	100.00	100.00	Canada	Holding company
Votorantim Cimentos EAA Inversiones, S.L. - "VCEAA"	100.00	100.00	100.00	100.00	Spain	Holding company
Votorantim Cimentos N/NE S.A. "VCNNE"	100.00	97.38	100.00	95.79	Brazil	Cement
Votorantim Cimentos S.A.	100.00	100.00	100.00	100.00	Brazil	Cement
Metals						
Companhia Brasileira de Alumínio	100.00	100.00	100.00	100.00	Brazil	Aluminum
US Zinc Corporation - "USZinc"	100.00	100.00	100.00	100.00	USA	Zinc
Votorantim Metais Cajamarquilla S.A.	99.91	99.91	99.91	99.91	Peru	Zinc
Votorantim Metais S.A.	100.00	100.00	100.00	100.00	Brazil	Nickel
Votorantim Metais Zinco S.A.	100.00	100.00	100.00	100.00	Brazil	Zinc
Mining						
Compañia Minera Atacocha S.A.A.	88.19	88.19	88.19	88.19	Peru	Mining
Compañia Minera Milpo S.A.A.	50.06	50.06	50.06	50.06	Peru	Mining
Steel						
Acerbrag S.A.	100.00	100.00	100.00	100.00	Argentina	Steel
Acerías Paz del Río S.A. - "APDR"	82.42	82.42	82.42	82.42	Colombia	Steel
Votorantim Siderurgia S.A.	100.00	100.00	100.00	100.00	Brazil	Steel
Holding, trading and other companies						
Indústria e Comércio Metalúrgica Atlas S.A.	99.77	99.77	99.77	99.77	Brazil	Industrial equipment
Santa Cruz Geração de Energia S.A.	100.00	100.00	100.00	100.00	Brazil	Electric power
Votorantim Energia Ltda.	100.00	100.00	100.00	100.00	Brazil	Holding company
Votorantim GmbH	100.00	100.00	100.00	100.00	Austria	Trading company
Votorantim Investimentos Latino-Americanos S.A.	99.91	99.91	99.91	99.91	Brazil	Holding company
Votorantim Metais Participações Ltda.	100.00	100.00	100.00	100.00	Brazil	Holding company
Joint operations						
Baesa - Energética Barra Grande S.A.	15.00	15.00	15.00	15.00	Brazil	Electric power
Campos Novos Energia S.A.	44.76	44.76	44.76	44.76	Brazil	Electric power
Voto - Votorantim Overseas Trading Operations IV Ltd.	50.00	50.00	50.00	50.00	Cayman Islands	Holding company
Exclusive investment funds						
Fundo de Investimento Pentágono Multimercado - Crédito Privado	100.00	100.00				
Odessa Multimercado Crédito Privado	83.07	93.94				

Ownership interests in exclusive investment funds were consolidated in accordance with the segregation of the investments that make up the net assets of these funds.

3 Changes in accounting policies and disclosures

(a) Adoption of new standards, amendments and interpretations issued by the CPC

The main changes in accounting policies applied in the preparation of the interim accounting information and financial statements, based on the new standards, amendments and interpretations to standards issued by the CPC, applicable to the Company, effective from January 1, 2014, were as follows:

IFRIC 21 - "Levies"

In May 2013 the IASB issued a new interpretation that addresses the recognition of obligations imposed by government agents, related to the recognition of a tax liability when this is derived from the requirement of IAS 37 – "Provision, contingent liabilities and contingent assets". The adoption of this interpretation is required as from January 1, 2014. The Company analyzed the possible impacts related to this update and concluded that there are no material impacts on its financial statements.

IAS 36 (CPC01 (R1) - "Impairment of assets"

This amendment removes certain disclosures of the recoverable amount of the Cash-Generating Unit (CGU) that had been included in IAS 36 through the issuance of IFRS 13. The amendment is mandatory for the Company beginning January 1, 2014. The adoption of this standard did not have any impact on the disclosures of the interim consolidated financial statements.

(b) New standards and interpretations not yet adopted

Some new standards and interpretations are applied for annual periods beginning on or after January 1, 2014 and have not been applied in the preparation of these interim consolidated financial statements.

IFRS 9 (CPC 38) - "Financial instruments: Recognition and measurement"

Addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010 and replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in carrying value adjustments rather than the statement of income, unless this creates an accounting mismatch. The Company is still assessing the impacts of the adoption of this standard on its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4 Critical accounting estimates and judgments

The critical accounting estimates and assumptions used in the preparation of these interim consolidated financial statements are the same as those described in Note 4 to the Company's annual consolidated financial statements at December 31, 2013.

5 Social and environmental risk management

The Company, through its subsidiaries and associates, operates in the segments of basic construction materials (cement, concrete, aggregate and mortar), metals (aluminum, zinc and nickel), mining (zinc, copper, silver and lead), steel, pulp and electric power generation, and consequently, these activities are subject to several Brazilian and international environmental laws, regulations, treaties and conventions, including those that regulate the discharge of materials into the environment, which establish the removal and cleaning of the contaminated environment, or those relating to environmental protection. The violations of the environmental regulations in force expose the violator(s) to significant fines and monetary penalties, and may require technical measures or investments to ensure the compliance with the mandatory emissions levels.

Notes to the condensed interim consolidated financial statements at March 31, 2014 All amounts in millions of reais unless otherwise stated

The Company carries out periodic studies to identify any potentially affected areas and records, based on the best estimates of costs, and the amounts expected to be disbursed for the investigation, treatment and cleaning of the potentially affected areas.

The Company and its subsidiaries believe they are in compliance with all of the applicable environmental standards in the countries in which they operate.

6 Financial risk management

6.1 Financial risk factors

(a) Liquidity risk

The risk management policies used in the preparation of these interim consolidated financial statements are the same as those described in Note 6 to the Company's annual consolidated financial statements at December 31, 2013.

The table below analyzes the Company's non-derivative financial liabilities and the main derivative financial assets and liabilities to be settled by the Company by maturity (the remaining period from the balance sheet up to the contractual maturity date). Derivative financial liabilities are included in the analysis if their contractual maturities are essential to understanding the timing of cash flows. The amounts disclosed in the table are the undiscounted cash flow, which includes interest to be incurred, and, accordingly, do not relate directly to the amounts in the balance sheet for borrowing and use of public assets.

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	As from 5 years	Total
At March 31, 2014					
Borrowing - principal	1,660	4,893	7,538	7,639	21,730
Borrowing - interest	1,519	2,837	2,103	5,349	11,808
Derivative financial instruments	70	36	3		109
Dividends payable	201				201
Related parties		921			921
Payables - trading	94				94
Use of public assets	65	143	161	2,706	3,075
Trade payables	2,769				2,769
	6,378	8,830	9,805	15,694	40,707
At December 31, 2013					
Borrowing - principal	1,166	4,034	7,348	10,531	23,079
Borrowing - interest	1,535	2,909	2,416	5,803	12,663
Derivative financial instruments	116	8	4		128
Dividends payable	151				151
Related parties		916			916
Payables - trading	112				112
Use of public assets	60	132	148	2,557	2,897
Trade payables	2,807				2,807
	5,947	7,999	9,916	18,891	42,753

6.1.1 Derivatives contracted

The hedging instruments contracted by the Company are the same as described in Note 6 to the annual consolidated financial statements at December 31, 2013.

The table below summarizes the derivative financial instruments and the underlying hedged item:

All amounts in millions of reais unless otherwise stated

Detailing of the main derivative programs

Program	Principal		As per Unit	Purchase / Sale	Average FWD rate		Average term (days)	Fair value		Realized gain (loss)	Fair value by maturity				
	3/31/2014	12/31/2013						3/31/2014	12/31/2013	3/31/2014	2014	2015	2016	2017	2018+
Hedging instrument for interest rates in US Dollars															
LIBOR floating rate vs. US dollar fixed rate swaps	96	126	USD MM		1.68%		247	1.0		(1.3)	3.1	(2.1)			
								1.0		**(1.3)**					
Hedging instrument for sales of nickel, zinc and aluminum at a fixed price															
Nickel forward	790	751	ton	C			24			(0.1)					
Zinc forward	3,410	4,002	ton	C	1,824	US$/ton	39		1.5	0.4					
Aluminum forward	200		ton	C	1,737	US$/ton	77								
									1.5	**0.3**					
Hedging instrument for mismatches of quotation periods															
Nickel forward	1,692	780	ton	C/V			22	(2.0)	(0.4)	(1.0)	(2.0)				
Zinc forward	271,753	214,006	ton	C/V			32	8.8	(20.2)	(24.9)	8.8				
Silver forward	844	727	k oz (*) thousand	C/V			44	0.9	2.8	1.7	0.9				
								7.7	**(17.8)**	**(24.2)**					
Hedging instrument for the operating margin of metals															
Nickel forward	505	351	ton	V	14,377	US$/ton	1	(1.5)	3.1	22.7	(1.5)				
Zinc forward	8,850	10,350	ton	V	1,986	US$/ton	1	(0.6)	1.9	3.2	(0.6)				
Aluminum forward	9,200	10,135	ton	V	1,977	US$/ton	1	5.7	8.9	(15.3)	5.7				
Copper forward	144	457	ton	V	7,900	US$/ton	1	0.4	0.9	(1.7)	0.4				
Silver forward	48	51	k oz (*) thousand	V	29	US$/oz	1	0.9	1.6	(2.6)	0.9				
US Dollar forward	39	45	USD million	V	2.26	R$/US$	1	(2.6)	(5.3)	7.3	(2.6)				
								2.3	**11.1**	**13.6**					
Hedging instrument for foreign exchange exposure															
Dollar forward	220	610	USD million	C	2.40	R$/US$	100	(17.3)	7.3	(78.3)	(17.3)				
Euro forward	39	39	EUR million	C	3.07	R$/EUR	25	2.4	9.2		2.4				
								(14.9)	**16.5**	**(78.3)**					
Hedging instrument for debts															
Fixed rate in Reais vs. CDI floating rate swaps	730	730	BRL million		98.41%		901	(15.6)	(15.0)	(0.4)	(3.6)	(7.5)	(2.7)	(1.0)	(0.8)
LIBOR floating rate vs. CDI floating rate swaps	184		USD million		1,07% / 99,83%	LIBOR + / % CD	697	(23.7)			(28.4)	(37.9)	42.6		
								(39.3)	**(15.0)**	**(0.4)**					
Hedge accounting - Cash flow hedge															
Hedging instruments for the operating margin of metals															
Nickel forward	6,345	635	ton	V	14,648	US$/ton	153	(18.1)	0.7	(19.4)	(15.9)	(2.2)			
Zinc forward	77,455	91,545	ton	V	1,989	US$/ton	169	(1.4)	(14.9)	(0.5)	(1.9)	0.5			
Aluminum forward	48,100	75,300	ton	V	1,949	US$/ton	94	18.5	24.7	31.6	18.5				
Copper forward	1,605	2,354	ton	V	7,254	US$/ton	181	2.2	1.7	4.6	1.7	0.5			
Silver forward	590	571	k oz (**)	V	22	US$/oz	193	3.3	6.8	6.6	2.7	0.6			
US Dollar forward	295	292	USD MM	V	2.41	R$/US$	135	20.3	(30.2)	8.8	16.9	3.4			
								24.8	**(11.2)**	**31.7**	**22.0**	**2.8**			
Hedging instruments for mismatches of quotation periods															
Zinc forward	86,797	64,493	ton	C/V			53	0.2	(2.3)	2.4	0.2				
Hedging instrument for interest rates in US Dollars															
LIBOR floating rate vs. US Dollar fixed rate swaps	144	149	USD MM		1.07%		214	(1.6)	(2.2)		(1.6)				
Hedge accounting - Fair value hedge															
Hedging instruments for sales of nickel, zinc and aluminum at a fixed price															
Nickel forward	60	364	ton	C			41	(0.2)			(0.2)				
Zinc forward	3,919	1,448	ton	C	1,980	US$/ton	133	0.1	(0.5)		0.1				
								(0.1)	**(0.5)**		**(0.1)**				
Total								**(19.9)**	**(19.9)**	**(56.2)**	**(13.3)**	**(44.7)**	**39.9**	**(1.0)**	**(0.8)**

6.1.2 Sensitivity analysis

Presented below is a sensitivity analysis for the main risk factors that affect the pricing of the outstanding financial instruments of cash and cash equivalents, financial investments, borrowings, and derivative financial instruments. The main risk factors are the exposure to the fluctuation of the Dollar and Euro, the LIBOR and CDI interest rates, and the commodity prices. The scenarios for these factors are prepared using market sources and specialized sources, following the Company's governance.

The scenarios at March 31, 2014 are described below:

. Scenario I: is based on the market forward curves and quotations at March 31, 2014, and represents a probable scenario in management's opinion as at June 30, 2014.

. Scenario II: considers a stress factor of + / – 25% applied to the market forward curves and quotations as at March 31, 2014.

. Scenario III: considers a stress factor of + / – 50% applied to the market forward curves and quotations as at March 31, 2014.

	Balance sheet accounts				Impacts on profit (loss)						Impacts on comprehensive income				
	In millions of reais		As per unit			Scenario I	Scenarios II and III				Scenario I	Scenarios II and III			
Risk factors	**Cash and cash equivalents and financial investments**	**Borrowing**	**Main derivative financial instruments**	**Unit**	**Changes from 2014**	**Results of scenario I**	**-25%**	**-50%**	**25%**	**50%**	**Results of scenario I**	**-25%**	**-50%**	**25%**	**50%**
Foreign exchange rate															
USD	1,994	9,980	977	USD million	5%	(54)	311	622	(311)	(622)	(375)	2,066	4,133	(2,066)	(4,133)
EUR	51	2,452	39	EUR million	4%		(1)	(2)	1	2	(95)	596	1,191	(596)	(1,191)
COP		48									(3)	12	25	(12)	(25)
Interest rates															
BRL - CDI	2,719	6,402	2,400	BRL million	+23 bps	(8)	107	216	(106)	(211)		6	12	(5)	(11)
LIBOR		3,994	653	USD million	+16 bps	(1)	2	5	(2)	(5)					
Price - commodities															
Nickel			9,392	ton	-1%	1	15	30	(15)	(30)	3	57	114	(57)	(114)
Zinc			452,184	ton	1%	(3)	89	177	(89)	(177)	(3)	79	158	(79)	(158)
Aluminum			57,300	ton	4%						(8)	48	97	(48)	(97)
Copper			1,749	ton	2%						(1)	6	12	(6)	(12)
Silver			638	k oz (*) thousand			4	8	(4)	(8)		10	20	(10)	(20)

(*) oz – kilograms in troy ounces

6.1.3 Hedges of net investments in foreign operations

The Company adopts hedge accounting for a portion of its investments abroad.

The Company and its subsidiaries designated as hedges the investments in the investees VCEAA, VCNA, Votorantim Metais, Cajamarquilla S.A. and US-Zinc, and as a hedge instrument a portion of their debt denominated in Euros and Dollars, in the total amount equivalent to EUR 750 million (R$ 2,338) (December 31, 2013: EUR 750 million – R$ 2,420), and USD 3,361 million (R$ 7,606) (December 31, 2013: USD 3,179 million – R$ 7,447).

The Company documents this correlation by assessing the effectiveness of these net investment hedges both prospectively as well as retrospectively on a quarterly basis.

The exchange gain on the translation of debts recognized in other comprehensive income until March 31, 2014 was R$ 339 (March 31, 2013 – R$ 162).

6.1.4 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to consistently provide returns to stockholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company can make, or propose to the Board of Directors when their approval is required, adjustments to the amounts of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets.

One of the important indicators through which the Company monitors its capital is based on the gearing ratio, calculated as net debt divided by adjusted EBTIDA. Net debt is calculated as total debt less cash and cash equivalents and the amount of financial investments, adding or subtracting the fair value of derivative contracts. The adjusted EBITDA is calculated based on the profit for the period plus equity in the results of investees, realization of comprehensive income on the disposal of investments, net finance results, income tax and social contribution, plus depreciation, amortization and depletion, and dividends received from investees. Non-cash items considered by management as exceptional are excluded from the measurement of the adjusted EBITDA.

The gearing ratios are as follows:

Notes to the condensed interim consolidated financial statements at March 31, 2014 All amounts in millions of reais unless otherwise stated

	Note	3/31/2014	12/31/2013
Borrowing	21	22,163	23,435
Cash and cash equivalents	8	(2,431)	(2,498)
Fair value of derivative contracts	6.1.1	20	20
Financial investments	9	(2,366)	(4,133)
Net debt (A)		17,386	16,824

	4/1/2013 to 3/31/2014	1/1/2013 to 12/31/2013
Profit for the period	47	238
Plus (less):		
Equity in the results of investees	80	74
Finance income (costs), net - continuing operations	2,184	1,612
Finance income (costs), net - discontinued operations	37	25
Income tax and social contribution - continuing operations	54	156
Income tax and social contribution - discontinued operations		(1)
Depreciation, amortization and depletion - continuing operations	2,292	2,226
Depreciation, amortization and depletion - discontinued operations	18	24
EBITDA	4,712	4,354
Plus (less):		
Dividends received	64	71
Extraordinary items		
EBITDA - discontinued operations	(11)	1
Fibria call option	126	30
Impairment of goodwill	383	383
Provision for impairment - inventory	137	137
Provision for impairment - PP&E	403	403
Gain on sale of investment - C+PA	(35)	(35)
Fair value of biological assets	35	34
Other	22	14
Adjusted EBITDA(B)	5,836	5,392
Gearing ratio (A/B)	2.98	3.12

All amounts in millions of reais unless otherwise stated

7 Credit quality of financial assets

The table below reflects the credit quality of issuers and counterparties in transactions involving cash and cash equivalents, financial investments and derivatives:

			3/31/2014			12/31/2013
	Local rating	Global rating	Total	Local rating	Global rating	Total
Cash and cash equivalents						
AAA	754		754	815		815
AA+					64	64
AA	168		168			
AA-		6	6		2	2
A+		82	82		144	144
A		203	203		168	168
A-		123	123	1	149	150
BBB+		22	22		21	21
BBB		329	329		419	419
BBB-		409	409		436	436
BB+		10	10			
BB		8	8		37	37
BB-					2	2
B+		26	26		16	16
CCC+					1	1
CCC		1	1			
Unrated	1	289	290	4	219	223
	923	1,508	2,431	820	1,678	2,498
Financial investments						
AAA	1,010		1,010	2,574		2,574
AA+	443		443	668		668
AA-				16		16
A+					30	30
A	15	184	199		130	130
A-					163	163
BBB		133	133		211	211
BBB-		72	72		100	100
BB+				1		1
CCC+					23	23
CCC		87	87			
Unrated	332	90	422	125	92	217
	1,800	566	2,366	3,384	749	4,133
Derivative financial assets						
AAA	30		30	40		40
A+		1	1		2	2
A		17	17		24	24
A-		20	20		7	7
BBB		21	21		35	35
	30	59	89	40	68	108
	2,753	2,133	4,886	4,244	2,495	6,739

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

All amounts in millions of reais unless otherwise stated

8 Cash and cash equivalents

	3/31/2014	12/31/2013
Cash and cash equivalents in local currency		
Cash and banks	15	29
Bank Deposit Certificates (CDB)	249	509
Repurchase agreements	659	282
	923	820
Cash and cash equivalents in foreign currency		
Cash and banks	865	671
Bank Deposit Certificates (CDB)	643	1,007
	1,508	1,678
	2,431	2,498

Fixed-term deposits are highly liquid, readily convertible into a known amount of cash and subject to an immaterial risk of changes in fair value in the case of anticipated redemption.

The average yield of the portfolio for the quarter ended March 31, 2014 was 100.70% of the CDI (December 31, 2013 - 100.78% of the CDI).

All amounts in millions of reais unless otherwise stated

9 Financial investments

These include financial assets classified as held-for-trading, available-for-sale, and held-to-maturity, as presented in the table below:

	3/31/2014	12/31/2013
Held for trading		
Financial Treasury Bills (LFT)	150	402
National Treasury Bills (LTN)	212	208
Investment fund quotas	3	5
Credit Rights Investment Funds (FIDC)	364	155
Investments denominated in foreign currency	203	258
Bank Deposit Certificates (CDB)	22	25
Repurchase agreements	981	2,545
Other	5	4
	1,940	3,602
Available for sale		
Financial investments in foreign currency	363	491
	363	491
Held to maturity		
Investment fund quotas	50	26
Bank Deposit Certificates (CDB)	13	14
	63	40
	2,366	4,133
Current	(2,327)	(4,092)
Non-current	39	41

Most financial investments have immediate liquidity. The average yield of the portfolio for the quarter ended March 31, 2014 was 101.00% of the CDI (December 31, 2013 - 100.13% of the CDI).

In the quarter ended March 31, 2014, there was a decrease in cash and financial investments, justified by the payments of debts of VID and the subsidiary Companhia Brasileira de Alumínio S.A. (“CBA”) (Note 21 (i)) in the amount of R$ 2.4 billion, partially offset by borrowing in the amount of R$ 1.3 billion (Note 21 (h)).

All amounts in millions of reais unless otherwise stated

10 Trade receivables

(a) Breakdown

	Note	3/31/2014	12/31/2013
Trade receivables - Brazil		956	854
Trade receivables - foreign customers		1,185	1,270
Related parties	14	124	111
Provision for impairment of trade receivables		(100)	(90)
		2,165	2,145

(b) Changes in the provision for impairment of trade receivables

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Opening balance	(90)	(57)
Additions, net	(15)	(17)
Receivables written off as uncollectible	3	4
Foreign exchange variations	2	18
Closing balance	(100)	(52)

11 Inventories

	3/31/2014	12/31/2013
Finished products	610	559
Semi-finished products	1,526	1,510
Raw materials	542	577
Auxiliary materials	809	848
Imports in transit	184	187
Other	50	78
Provision for losses (i)	(351)	(357)
	3,370	3,402

(i) Mainly refers to the obsolescence of inventory the value of which has a limited expectation of realization. There was no inventory pledged as collateral for liabilities.

All amounts in millions of reais unless otherwise stated

12 Taxes recoverable

	3/31/2014	12/31/2013
Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) (i)	460	586
	460	586
State Value-added Tax on Sales and Services (ICMS) on PP&E (ii)	159	165
State Value-added Tax on Sales and Services (ICMS)	557	563
Excise Tax (IPI)	51	52
Social Integration Program (PIS) (iii)	107	109
Social Contribution on Revenue (COFINS) (iii)	477	493
Value-added Tax (VAT) (foreign companies)	213	245
Withholding Income Tax (IRRF)	19	2
IRPJ/CSLL - Summer Plan (iv)	267	267
Other (v)	180	184
	2,490	2,666
Current	(880)	(1,048)
Non-current	1,610	1,618

(i) The credits relating to Corporate IRPJ and CSLL are linked to prepayments that will be offset, over undefined periods, against the same taxes and contributions levied on future taxable income within five years.

(ii) State Value-added Tax on Sales and Services ("ICMS") credits arise from purchases of property, plant and equipment items (recoverable in 48 monthly installments) and consumable products. Their realization is based on the subsidiaries' operations.

(iii) On March 31, 2013, the Company reclassified the PIS and COFINS credits arising from the purchase of property, plant and equipment, which were previously included in the acquisition cost of property, plant and equipment and were transferred to taxes recoverable. The amount reclassified from property, plant and equipment to taxes recoverable was R$ 513.

(iv) At the end of 2013, supported by the report and opinion of external and internal legal counselors which, among other factors, used as a base the effects of the general repercussion expressed by the Federal Supreme Court, in a judgment of a proceeding of the same nature, the subsidiary Companhia Brasileira de Alumínio S.A. ("CBA") recorded the credit of R$ 267, arising from income tax and social contribution overpaid due to the non-adoption of the deduction of indexation adjustments supplementary to the monetary restatement of the Summer Plan ("*Plano Verão*"), calculated on the profit for the base period 1989.

(v) Due to a favorable final and non-appealable decision, also at the end of 2013, the subsidiary CBA recorded a complement of R$ 44, of the credit relating to the Tax on Net Income – ILL, for the base periods 1991 and 1992.

All amounts in millions of reais unless otherwise stated

13 Assets held for sale

(a) Assets held for sale

	VCEAA/China		Baraúna		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Inventory	45	48			45	48
Property, plant and equipment	195	215	45	45	240	260
Goodwill	271	280			271	280
Intangible assets	48	48			48	48
Other assets	145	152			145	152
	704	743	45	45	749	788

(b) Liabilities relating to assets held for sale

	VCEAA/China		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Other payables	297	311	297	311
Provision	30	32	30	32
Other liabilities	45	47	45	47
	372	390	372	390

(c) Profit from discontinued operations

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
VCEAA/China		
Net revenue	57	21
Cost of products sold	(57)	(39)
Gross loss		(18)
Finance results, net	(6)	6
Loss before income tax and social contribution	(6)	(12)
Income tax and social contribution		1
Loss from discontinued operations	(6)	(11)

(d) Operations in China

The Company does not intend to continue its operations in China, which were acquired as part of the exchange of Cimpor assets; consequently, this operation has been classified as held for sale since December 21, 2012. The Company still presents these operations separately in this category and is still fully committed to selling the operation and closing the sale. The main factor that contributes to the delay in the planned sale is of a regulatory nature.

(e) Baraúna assets

The subsidiary VCNNE decided to sell certain assets (industrial equipment) that it has in the city of Baraúna, State of Rio Grande do Norte, which are being negotiated with the investee Mizú S.A.; consequently, these assets have been classified as held for sale since September 30, 2013. Management expects to conclude the sale within one year.

All amounts in millions of reais unless otherwise stated

14 Related parties

	Trade receivables		Dividends receivable		Non-current assets	
Parent	**3/31/2014**	**12/31/2013**	**3/31/2014**	**12/31/2013**	**3/31/2014**	**12/31/2013**
Votorantim Participações S.A. (i)					334	364
Related companies						
Cementos Especiales de las Islas, S.A. (CEISA)	12	10				
Cia. de Cimento Itambé	11	14				
Citrosuco GmbH					142	148
Citrosuco S.A. Agroindústria (ii)					322	330
Citrovita Orange Juice GmbH (iii)					432	445
Fibria Celulose S.A.	2	5			1	1
Hailstone Limited					11	12
Ibar Administração e Participações Ltda.					5	5
Maré Cimento Ltda.	9	9	3	3		
Mineração Rio do Norte S.A.			4	4		
Mizú S.A.	4	6	2	1		
Polimix Concreto Ltda.	19	15	7	7		
Sitrel Siderúrgia Três Lagoas Ltda.	23	18				
Sirama Participações, Administração e Transportes Ltda			43	4		
ST. Helen Holding II B.V. (iv)					581	596
Sumter Cement Co LLC	1	1			3	3
Superior Building Materials LL	8	9				
Supermix Concreto S.A.	32	22				
Suwannee American Cement LLC					60	62
Verona Participações Ltda.			9	9		
Other	3	2	2		11	11
	124	111	70	28	1,902	1,977
Current	(124)	(111)	(70)	(28)		
Non-current		-	-	-	1,902	1,977

All amounts in millions of reais unless otherwise stated

	Trade payables		Dividends payable		Non-current liabilities	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Parent						
Votorantim Participações S.A. (v)			139	104	353	360
Related companies						
Alumina do Norte do Brasil S.A.	28	25				
Cementos Especiales de las Islas, S.A. (CEISA)	2	2				
Hailstone Limited (vi)					322	332
LIT Mining Coöperatief U.A (vii)					148	153
LIT Tele Ltda.					41	44
Sitrel Siderúrgia Três Lagoas Ltda.	12	18				
ST. Helen Holding II B.V.					23	24
Suwannee American Cement LLC	12	13				
Votorantim Finanças S.A.					26	3
Other	2	3			8	
Non-controlling interests			62	47		
	56	61	201	151	921	916
Current	(56)	(61)	(201)	(151)		
Non-current	-	-	-	-	921	916

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	Finance income (costs)		Purchases		Sales	
	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Parent						
Votorantim Participações S.A.	(5)	(5)				
Related companies						
Cia. de Cimento Itambé					1	
Citrosuco S.A. Agroindústria	2	2			2	1
Citrovita Orange Juice GmbH	3	3				
Fibria Celulose S.A.					15	5
Hailstone Limited	(1)	(1)				
Maré Cimento Ltda.					18	8
Mizú S.A.					15	17
Polimix Concreto Ltda.					36	37
Sitrel Siderúrgia Três Lagoas Ltda. (viii)					65	47
ST. Helen Holding II B.V.	5	5				
Superior Building Materials LL					1	4
Supermix Concreto S.A.					85	73
Other			2	2	1	1
	4	4	2	2	239	193

(i) Refers basically to receivables from the sale of deferred tax on tax losses to the parent company Votorantim Participações S.A ("VPAR"). This tax was used by VPAR for payment of the Tax Recovery Program ("REFIS") established by Law 12,865/2013.

(ii) Refers to prepayment transactions. The transaction is adjusted based on semiannual LIBOR and spread of 2.75% per year.

(iii) Balance receivable from Citrovita Orange Juice GmbH. The transaction is adjusted based on annual LIBOR and spread of 2% per year.

(iv) Refers to credits of Votorantim GmbH held with the company ST. Helen Holding II B.V. The transaction is adjusted at the rate of 6% per year.

(v) Debt of Votorantim GmbH to VPAR. The transaction is adjusted at the rate of 6% per year.

(vi) Debt of Votorantim GmbH to Hailstone Limited. The transaction is adjusted based on monthly LIBOR and spread of 1.5% per year.

(vii) Debt of Votorantim GmbH to LIT Mining Coöperatief U.A. The transaction is adjusted based on annual LIBOR and spread of 0.5% per year.

(viii) Refers to business transactions between Sitrel Siderúrgia Três Lagoas Ltda. ("Sitrel") and Votorantim Siderurgia S.A. ("VS"), mainly related to the rod rolling process at the Sitrel plant, which entered operation in December 2012, using as main raw material billets from VS's Resende Unit.

All amounts in millions of reais unless otherwise stated

15 Call options

Pursuant to the Investment and Stockholders' Agreement of Fibria entered into in 2009, VID has the right to acquire up to 9.33% of Fibria's common shares by October 29, 2014. At March 31, 2014, the air value of this option was R$ 31 (December 31, 2013 - R$ 127) and it is recorded in "Call options", in current assets.

16 Other assets

	3/31/2014	12/31/2013
Electric energy credit	543	151
Advances to suppliers	210	201
Prepaid expenses	198	160
Tax credits	156	158
Receivables from sale of ownership interests	119	139
Notes receivable	44	50
Advances to employees	37	75
Social security credits	37	36
Receivable from sale of PP&E	25	8
Checks to be cleared	8	17
Other receivables	91	70
	1,468	1,065
Current	(1,098)	(710)
Non-current	370	355

All amounts in millions of reais unless otherwise stated

17 Investments

(a) Breakdown

	Information on investees at March 31, 2014			Equity in the results		Investment balance	
	Equity	Profit (loss) for the quarter	Ownership percentage (%)	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013	3/31/2014	12/31/2013
Investments accounted for under the equity method							
Sirama Participações Administração e Transportes Ltda.	802	21	38.26	8	12	307	328
Cementos Avellaneda S.A. (*)	294	17	49.00	8	10	202	247
Cementos Bio Bio S.A. (b)	842	33	16.70	6	(1)	141	153
Alunorte - Alumina do Norte S.A. (b)	4,268	(19)	3.03	(1)		129	132
Maré Cimento Ltda. (a)	220	8	51.00	4		112	108
Polimix Concreto Ltda. (a)	305	9	27.57			84	85
Mineração Rio do Norte S.A. (b)	642	34	10.00	3	1	64	61
Cemento Portland S.A.	216		29.50			64	66
Supermix Concreto S.A.	230	14	25.00	3		57	54
Mizu S.A. (a)	67	1	51.00	(4)	2	34	39
Verona Participações Ltda.(a)	77	8	25.00			19	20
Polimix Cimento Ltda. (a)	30		51.00			15	15
Other investments				(7)	(3)	175	181
Joint ventures							
Fibria Celulose S.A.	14,462	17	29.42	5	6	4,255	4,250
Suwannee American Cement LLC	198	(2)	50.00	(1)	(2)	99	103
Sitrel Siderúrgica Três Lagoas Ltda.	185	10	50.00	5	10	93	88
				29	35	5,850	5,930

(a) Refers to the value of the investees of the subsidiary Silcar - Empreendimentos Comércio e Participações Ltda. Under the shareholders' agreement, the Company through its subsidiary Votorantim Cimentos S.A. takes part only in financial and operating decisions in respect of certain matters and of some activities of the investees and, therefore, the Company does not control the entities. Dividends are distributed in quantities disproportionate to the ownership interest percentage.

(b) Refers to investees in which the ownership interest is less than 20%, but in which the Company exercises significant influence over the activities through agreements established with shareholders.

(*) The investment considers the amount of R$ 57, relating to the goodwill paid on the acquisition of the investment.

All amounts in millions of reais unless otherwise stated

(b) Information on investees

A summary of the principal financial information on associates and joint ventures at March 31, 2014 is presented below:

	Total and voting (%)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Net revenue	Operating profit (loss)	Profit (loss) for the quarter
Investments accounted for under the equity method									
Sirama Participações Administração e Transportes Ltda.	38.26	133	698	28	1	802		(1)	21
Cementos Avellaneda S.A.	49.00	219	201	114	12	294	97	17	17
Cementos Bio Bio S.A.	16.70	475	1,551	417	767	842	311	21	33
Alunorte - Alumina do Norte S.A.	3.03	965	6,638	2,329	1,006	4,268	774	(120)	(19)
Maré Cimento Ltda.	51.00	315	333	92	335	220	122	11	8
Polimix Concreto Ltda.	27.57	252	234	133	49	305	148	9	9
Mineração Rio do Norte S.A.	10.00	176	2,046	558	1,022	642	236	51	34
Cemento Portland S.A.	29.50	152	72	0	8	216	0		
Supermix Concreto S.A.	25.00	229	264	168	95	230	415	18	14
Mizu S.A.	51.00	67	58	22	37	67	28	1	1
Verona Participações Ltda.	25.00	45	41	10		77			8
Polimix Cimento Ltda.	51.00		30			30			
Joint ventures									
Fibria Celulose S.A.	29.42	4,509	20,912	2,840	8,119	14,462	1,642	56	17
Suwannee American Cement LLC	50.00	48	182	14	18	198	29	(2)	(2)
Sitrel Siderúrgica Três Lagoas Ltda.	50.00	118	271	49	154	185	82	5	10

All amounts in millions of reais unless otherwise stated

(c) Changes in investments

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Opening balance	5,930	6,186
Equity in the results of investees	29	35
Capital increase in investees		4
Foreign exchange gains (losses) on foreign investments	(69)	3
Dividends	(47)	(49)
Other	7	13
Closing balance	5,850	6,192

(d) Investments in listed companies

	3/31/2014		12/31/2013	
	Book value	Market value	Book value	Market value
Cementos Bio Bio S.A. (*)	141	93	153	108
Fibria Celulose S.A. (*)	4,255	4,112	4,250	4,506

(*) Calculated in proportion to ownership interest held by the Company.

(e) Principal changes in ownership interests in investees in 2014 and 2013

(i) Purchase of non-controlling interest - VCNNE

On January 20, 2014, the subsidiary VCNNE repurchased shares of its own share capital held by Banco Votorantim S.A. and its finance entities, to be kept in treasury. The number of shares acquired was 806,620, 663,591 of which were common shares and 143,029 were preferred shares. The unit cost of the share was R$ 214.01 reais, totaling R$ 172. Accordingly, its parent company Votorantim Cimentos S.A. (“VCSA”), subsidiary of VID, has started to account for 100% equity in this company. The purchase price was determined by a valuation appraisal which was elaborated by an independent third party.

(f) Fibria Celulose S.A.

In March 2014 Fibria filed, with the Brazilian Federal Revenue an application for activation of credit due to a final and unappealable court decision issued in October 2013, related to IPI premium credit, related to exports made during the period the BEFIEX Program was effective from December 1993 to May 1997.

The IPI premium credit was a tax and financial benefit for exporting companies, established as a reimbursement paid on the purchase of raw materials. This benefit was regulated by Decree 64,833/69, after being established by Decree 461/69, and was maintained until 1983, the year of the expiration of the benefit established by the legislation. However, the rules that regulated the end of the term for utilization of the benefit were revoked by Decree-Laws 1,724/79 and 1,894/81, so that there was no legal provision about the final term for utilization of the benefit.

Subsequently, the Decree-Laws were considered unconstitutional, which generated various discussions at courts about the benefit expiration date. Previous court decisions have established the limitation of utilization of these credits until the year 1990; however, the case of Fibria diverges from this discussion since it has enrolled in the BEFIEX Program which, as it refers to a tax benefit granted under specific conditions and for a defined term, resulted in a vested right, as recognized in the records of the aforementioned writ of mandamus.

The estimated amount of the credit, restated through March 31, 2014, is R$ 861. When the request for activation is approved by the Brazilian Federal Revenue, the amount of the credit will be known and recorded by Fibria.

All amounts in millions of reais unless otherwise stated

18 Property, plant and equipment

(a) Breakdown and changes

									3/31/2014	31/3/2013
	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	1,618	9,287	28,581	1,253	177	3,149	401	417	44,883	42,803
Accumulated depreciation	(42)	(2,972)	(14,000)	(896)	(124)		(180)	(355)	(18,569)	(16,941)
Net opening balance	1,576	6,315	14,581	357	53	3,149	221	62	26,314	25,862
Opening balance	1,576	6,315	14,581	357	53	3,149	221	62	26,314	25,862
Additions	29		26	2		431		1	489	559
Disposals		(4)	(21)	(1)		(3)			(29)	(15)
Depreciation	(1)	(60)	(357)	(28)	(3)		(4)	(2)	(455)	(386)
Foreign exchange gains (losses)	(34)	(50)	(170)	(7)	(1)	(35)	(11)		(308)	(201)
Transfer to taxes recoverable (Note 12)										(513)
Transfers	4	10	156	13	3	(194)	2		(6)	(7)
Closing balance	1,574	6,211	14,215	336	52	3,348	208	61	26,005	25,299
Cost	1,617	9,194	28,246	1,231	177	3,348	383	417	44,613	41,707
Accumulated depreciation	(43)	(2,983)	(14,031)	(895)	(125)		(175)	(356)	(18,608)	(16,408)
Net closing balance	1,574	6,211	14,215	336	52	3,348	208	61	26,005	25,299
Average annual depreciation rates - %	3	3	14	15	11		5	6		

The Company has no long-lived assets expected to be abandoned or sold, and that would require an additional provision for obligations arising from decommissioning of assets. The consolidated amount related to assets pledged as guarantee for borrowing is described in Note 21(f).

All amounts in millions of reais unless otherwise stated

(b) Construction in progress

The balance of construction in progress is made up mainly of projects for the expansion and optimization of the industrial units, as described below:

	3/31/2014	12/31/2013
Segment		
Cement	1,562	1,420
Metals	1,163	1,093
Steel	438	468
Mining Peru	182	164
Other	3	4
	3,348	3,149

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

Main projects in progress - Cement	3/31/2014	12/31/2013
New unit in Edealina/GO	288	264
New unit in Primavera/PA	170	148
New unit in Cuiabá/MT (ii)	101	100
Burden removal - cement	89	81
New plant in Vidal Ramos/SC	87	81
New production line in Rio Branco/PR	52	46
New unit in Ituaçú/BA	46	45
New coprocessing lines	46	38
New crushing in Xambioá/TO	24	5
New crushing in Santa Helena/SP	7	8
Equipment refurbishment in Sobral/CE	6	3
New unit in Sobral/CE	6	3
New production line in Salto de Pirapora/SP	3	3
Equipment refurbishment in Caaporã/PB	2	3
Modernizations in the port of Imbituba/SC	1	1

Main projects in progress - Metals	3/31/2014	12/31/2013
Ferro níquel project	161	160
Polymetallics	119	119
Calcination furnace	88	88
Vazante expansion project	87	80
Oven room	66	66
Alumina rondon project	62	60
Alumina expansion	32	32
Rod mill	12	12

All amounts in millions of reais unless otherwise stated

Main projects in progress - Steel	3/31/2014	12/31/2013
Mechanized and semi-mechanized underground operation of metallurgical coal	120	122
Resende expansion project	52	79
Barras Mansa expansion project	34	41
Blast furnace regenerator replacement project	32	28
Plan equipment modernization	22	11
Free zone project	13	14
Scrap crushing equipment	8	10
Forest expansion project	7	9

Main projects in progress - Mining Peru	3/31/2014	12/31/2013
"Pucurhuay" Hydroelectric Plant Project	38	32
Cerro Lindo Project Phase III	43	29

19 Biological assets

The Company's biological assets represent growing forests substantially located in the State of Minas Gerais.

The changes in the quarter were as follows:

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Opening balance	109	151
Additions	5	6
Depletion	(10)	(10)
Change in fair value	1	
Closing balance	105	147

According to the Company's policy, the fair value measurement is carried out annually and during the quarter the amount is restated according to the volume cut and the fair value determined in the prior report.

All amounts in millions of reais unless otherwise stated

20 Intangible assets

(a) Breakdown and changes

								3/31/2014	31/3/2013
	Goodwill	Rights over natural resources	Rights over trademarks and patents	Software	Use of public assets (Note 27)	Contracts, customer relationship and agreements	Other	Total	Total
Opening balance									
Cost	4,781	6,613	242	340	538	331	831	13,676	13,081
Accumulated amortization		(865)	(181)	(244)	(102)	(154)	(383)	(1,929)	(1,681)
Net opening balance	4,781	5,748	61	96	436	177	448	11,747	11,400
Opening balance	4,781	5,748	61	96	436	177	448	11,747	11,400
Additions							2	2	32
Write-offs									(1)
Amortization and depletion		(71)	(8)	(5)	(5)	(5)	(8)	(102)	(105)
Foreign exchange gains (losses)	(103)	(182)	(1)	(2)		(6)	(20)	(314)	(164)
Revision of estimated cash flow		(5)						(5)	
Transfers		5		1				6	(10)
Closing balance	4,678	5,495	52	90	431	166	422	11,334	11,152
Cost	4,678	6,376	231	369	538	319	806	13,317	12,638
Accumulated amortization		(881)	(179)	(279)	(107)	(153)	(384)	(1,983)	(1,486)
Net closing balance	4,678	5,495	52	90	431	166	422	11,334	11,152
Average annual amortization rates - %		6	15	20	4	7	10		

All amounts in millions of reais unless otherwise stated

21 Borrowings

(a) Breakdown

Type	Average annual charges (%)	Current 3/31/2014	Current 12/31/2013	Non-current 3/31/2014	Non-current 12/31/2013	Total 3/31/2014	Total 12/31/2013
Local currency							
BNDES	4.76% fixed rate BRL / TJLP + 2.63%	699	692	2,062	2,224	2,761	2,916
FINAME	4.40% fixed rate BRL / TJLP + 2.60%	25	24	135	126	160	150
Debentures	110.59% of CDI	164	126	6,238	5,341	6,402	5,467
Export credit notes	8.00% fixed rate BRL	1	1	230	230	231	231
Development promotion agency	8.50% fixed rate BRL / TJLP + 3.50%	5	5	54	53	59	58
Other		17	16	16	14	33	30
Subtotal		911	864	8,735	7,988	9,646	8,852
Foreign currency							
BNDES	UMBNDES + 2.37%	131	132	391	430	522	562
Development promotion agency	LIBOR USD + 1.38%	17	19	117	130	134	149
Eurobonds - USD	6.77% fixed rate USD	131	116	5,278	7,526	5,409	7,642
Eurobonds - EUR	5.25% fixed rate EUR	113	86	2,338	2,424	2,451	2,510
Syndicated loan/bilateral agreements	LIBOR USD + 1.17%	458	82	790	831	1,248	913
Export prepayments	LIBOR USD + 1.43%	215	140	2,382	2,547	2,597	2,687
Working capital	DTF + 2.21%	74	51			74	51
Other		38	27	44	42	82	69
Subtotal		1,177	653	11,340	13,930	12,517	14,583
		2,088	1,517	20,075	21,918	22,163	23,435
Interest on borrowing		428	351				
Current portion of long-term borrowing		1,610	1,116				
Short-term borrowing		50	50				
		2,088	1,517				

All amounts in millions of reais unless otherwise stated

BNDES – National Bank for Economic and Social Development
BRL – Brazilian Currency (Real)
CDI – Interbank Deposit Certificate
EUR – European Union currency (Euro)
FINAME - Government Agency for Machinery and Equipment Financing
LIBOR - London Interbank Offered Rate
TJLP – Long-term interest rate set by the National Monetary Council. The TJLP is the basic cost of financing of BNDES.
UMBNDES - Monetary unit of the BNDES reflecting the weighted basket of currencies of foreign currency debt obligation. At March 31, 2014, 99% of the basket comprised US Dollars.
USD – U.S. Dollar
DTF – Time Deposit Rate

(b) Maturity

The maturity profile of borrowing at March 31, 2014 was as follows:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	As from 2024	Total
Local currency												
BNDES	521	670	559	413	283	144	42	36	29	17	47	2,761
FINAME	19	26	26	21	14	14	14	13	10	3		160
Debentures	163	7	505	902	2,523	1,403	643	243	3	3	7	6,402
Export credit notes	1		230									231
Development promotion agency	4	6	8	5	5	5	6	6	6	5	3	59
Other	14	12	2	1	1	3						33
Subtotal	722	721	1,330	1,342	2,826	1,569	705	298	48	28	57	9,646
%	7.48	7.47	13.79	13.91	29.30	16.27	7.31	3.09	0.50	0.29	0.59	
Foreign currency												
BNDES	97	132	116	88	58	26	4	1				522
Development promotion agency	9	17	17	17	17	17	17	11	8	4		134
Eurobonds - USD	131					569	353	736		792	2,828	5,409
Eurobonds - EUR	113			2,338								2,451
Syndicated loans/bilateral agreement	39	463	486	71	189							1,248
Export prepayments	135	451	637	638	531	205						2,597
Working capital	74											74
Other	33	19	13	4	3	1	1	1	1	1	5	82
Subtotal	631	1,082	1,269	3,156	798	818	375	749	9	797	2,833	12,517
%	5.04	8.64	10.14	25.21	6.38	6.54	3.00	5.98	0.07	6.37	22.63	
Total	1,353	1,803	2,599	4,498	3,624	2,387	1,080	1,047	57	825	2,890	22,163
%	6.10	8.14	11.73	20.30	16.35	10.77	4.87	4.72	0.26	3.72	13.04	

All amounts in millions of reais unless otherwise stated

(c) Changes

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Opening balance	23,435	22,291
New borrowing	1,453	1,111
Interest	403	317
Foreign exchange gains (losses)	(495)	(298)
Payments - principal	(2,330)	(735)
Payments - interest	(303)	(223)
Realization of fair value of business cobination		(6)
Closing balance	22,163	22,457

(d) Breakdown by currency

	Current		Non-current		Total	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Real	911	864	8,735	7,988	9,646	8,852
U.S. Dollar	892	390	8,658	11,130	9,550	11,520
Euro	114	87	2,338	2,425	2,452	2,512
Currency basket	116	119	314	347	430	466
Other	55	57	30	28	85	85
Total	2,088	1,517	20,075	21,918	22,163	23,435

(e) Breakdown by index

	Current		Non-current		Total	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Local currency						
CDI	164	127	6,238	5,340	6,402	5,467
TJLP	656	648	1,939	2,086	2,595	2,734
Fixed rate	91	89	558	562	649	651
	911	864	8,735	7,988	9,646	8,852
Foreign currency						
LIBOR	705	222	3,289	3,499	3,994	3,721
UMBNDES	131	132	391	430	522	562
Fixed rate	276	242	7,656	9,999	7,932	10,241
Other	65	57	4	2	69	59
	1,177	653	11,340	13,930	12,517	14,583
Total	2,088	1,517	20,075	21,918	22,163	23,435

(f) Collateral

At March 31, 2014, R$ 10,363 (December 31, 2013 – R$ 10,034) of the balance of borrowing was collateralized by promissory notes and sureties from the Company or its subsidiaries, whereas R$ 160 of the property, plant and equipment items (December 31, 2013 - R$ 150) were collateralized by liens on the financed assets.

(g) Covenants/financial ratios

Certain borrowing agreements are subject to compliance with financial ratios ("covenants"), such as (i) gearing ratio (net debt/adjusted EBITDA), (ii) capitalization ratio (total debt/(total debt + equity) or equity/total assets), (iii) interest coverage ratio (cash + adjusted EBITDA/(interest + short-term debt). When applicable, these obligations are standard for all borrowing agreements.

(h) New borrowing

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

The main funding transactions carried out were as follows:

(i) During the quarter ended March 31, 2014, the Company's subsidiaries received R$ 44 from BNDES (December 31, 2013 - R$ 578) to fund their expansion and modernization projects, including the purchase of machinery and equipment at the average funding cost of TJLP + 2.80 % p.a. (December 31, 2013 – TJLP +2.75% p.a.).

(ii) In March 2014, the subsidiary VS concluded its first public issue of simple, non-convertible, non-privileged, unsecured debentures. The debentures were distributed with restricted placement efforts and exempt from registration with the Brazilian Securities Commission ("CVM"), pursuant to Article 6º of CVM Instruction 476, of January 16, 2009. The issue of R$ 450, with maturity in February 2017, pays 107% of the CDI.

(iii) In February 2014, the Company completed its second public issue of simple, non-convertible, non-privileged, unsecured debentures. The debentures were distributed with restricted placement efforts and exempt from registration with the Brazilian Securities Commission ("CVM"), pursuant to Article 6º of CVM Instruction 476, of January 16, 2009. The issue of R$ 450, with maturity in May 2017, pays 107.95% of the CDI.

(iv) In February 2014, the Company entered into agreements in accordance with Law 4,131 in the total amount of US$ 184 million, with maturity in February 2016. These transactions, after conducting swaps, resulted in a final cost of 99.8% of the CDI.

(v) In December 2013, the subsidiary VCSA completed its sixth public issue of simple, non-convertible, non-privileged, unsecured debentures. The debentures were distributed with restricted placement efforts and exempt from registration with the Brazilian Securities Commission ("CVM"), pursuant to Article 6º of CVM Instruction 476, of January 16, 2009. The issue of R$ 500, with maturity in February 2019, pays 109.03% of the CDI. The proceeds raised were used for the amortization of the first series of the first public issue of the Company's debentures in the amount of R$ 500.

(vi) In September 2013, the Company completed its first public issue of simple, non-convertible, non-privileged, unsecured debentures. The debentures were distributed with restricted placement efforts and exempt from registration with the Brazilian Securities Commission ("CVM"), pursuant to Article 6º of CVM Instruction 476, of January 16, 2009. The issue of R$ 500, with maturity in September 2016, pays 107.2% of the CDI.

All amounts in millions of reais unless otherwise stated

(vii) In September 2013, VCEAA extended the term of the outstanding balance of the principal of the borrowing assumed with the exchange of assets with Cimpor in December 2012 to March 2015 at the cost of LIBOR + 0.92% p.a. In December 2013, VCEAA settled in advance US$ 40 million of the transaction.

(viii) In April 2013, VCNA extended the maturity of its syndicated loans until May 31, 2018. The other contractual conditions remain unaltered.

(ix) In March 2013, the subsidiary Milpo placed a bond amounting to US$ 350 million, maturing in March 2023 and with semiannual interest (coupon) of 4.625% p.a. The issue was rated "BBB-" by Standard & Poor's, and "BBB" by Fitch.

(x) In February 2013, the subsidiary CBA entered into Export Credit Note agreements totaling R$ 230. The amortization period is three years, and the agreements are subject to an interest rate of 8% p.a. These operations are linked to swaps which switch the rate from fixed to floating. The final cost is 94% of the CDI.

(i) Eurobonds

On March 10, 2014, VID and CBA announced the offer to repurchase bonds of its own issue with maturities in 2019 and 2021, respectively, in the total amount of up to US$ 1 billion. On March 21, 2014, VID repurchased R$ 1,352 (US$ 586 million) of principal, with total disbursement of R$ 1,536 (US$ 665 million), and obtained approval of the creditors for excluding some covenants and CBA repurchased R$ 679 (US$ 294 million) of principal, with total disbursement of R$ 788 (US$ 341 million). The financial settlement occurred on March 28, 2014.

(j) Fair value of borrowing

	3/31/2014	
	Carrying amount	Fair value
Local currency		
BNDES	2,761	2,518
FINAME	160	131
Debentures	6,402	6,694
Export credit notes	231	217
Development promotion agency	59	54
Other	33	20
Subtotal	9,646	9,634
Foreign currency		
BNDES	522	571
Development promotion agency	134	136
Eurobonds - USD	5,409	5,418
Eurobonds - EUR	2,451	2,544
Syndicated loans/bilateral agreement	1,248	1,273
Export prepayments	2,597	2,706
Working capital	74	76
Other	82	88
Subtotal	12,517	12,812
	22,163	22,446

All amounts in millions of reais unless otherwise stated

The difference between the fair value and the carrying amount of the borrowing is R$ 283, and the carrying amount is lower than the fair value. The fair values of these liabilities are classified in Level I at R$ 7,962 and Level II at R$ 14,484.

22 Payables - trading

These refer to purchases of certain raw materials from trading companies. The payment terms are up to 360 days, with fees calculated over the total purchase value, and agreed between the parties before or at the time of each commercial transaction.

23 Current and deferred income tax and social contribution

The Company and its subsidiaries use the taxable income method, and calculate and record their income tax and social contribution based on the effective rates at the end of the reporting period. Deferred income tax and social contribution tax assets arise from tax losses and temporary differences relating to (a) the effects of foreign exchange gains/losses (tax calculated on a cash basis for loans), (b) adjustments of derivatives to their fair values, (c) temporarily non-deductible provision, (d) investments in agribusiness activities, and (e) temporary differences arising from the adoption of the CPCs.

(a) Reconciliation of the income tax and social contribution expense

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

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

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Profit before income tax and social contribution	143	441
Standard rates	34%	34%
Income tax and social contribution at standard rates	(49)	(150)
Adjustments for the calculation of income tax and social contribution at effective rates		
Equity in the results of investees	10	14
Income tax losses without recording the deferred amounts	(87)	(71)
Social contribution losses without recording the deferred amounts	(32)	(35)
Differences in the tax rates of foreign subsidiaries	25	17
Other permanent additions (exclusions), net	4	(6)
Income tax and social contribution calculated	(129)	(231)
Current	(164)	(110)
Deferred	35	(121)
Income tax and social contribution expenses	(129)	(231)

All amounts in millions of reais unless otherwise stated

(b) Breakdown of deferred tax balances

Deferred income tax and social contribution assets and liabilities are as follows:

	3/31/2014	12/31/2013
Assets		
Tax losses		
	2,286	2,055
Temporary differences		
Provision	720	715
Provision for losses on investments	227	218
Foreign exchange gains (Provisional Measure 1,858-10/1999, art.30)	212	390
Use of Public Assets (UBP)	192	181
CPC 29 - Biological assets	54	54
Accelerated depreciation and adjustment of useful lives	39	38
Environmental liabilities	37	38
Provision for disposals of assets	24	23
Tax benefit on goodwill	23	24
Derivatives - Law 11,051/04	16	12
Other provisions	223	308
Non-current assets	4,053	4,056
Liabilities		
Temporary differences		
Accelerated depreciation and adjustment of useful lives	1,531	1,497
Business combinations	1,061	1,257
Market value adjustments to property, plant and equipment	339	220
Goodwill amortization	329	310
CPC 12 - Adjustment to present value	131	129
Foreign exchange gains (Provisional Measure 1,858-10/1999,	71	
CPC 12 - Adjustment to present value	45	45
Deferred gains on derivative contracts	4	5
Other	77	75
Non-current liabilities	3,588	3,538
Net (assets - liabilities)	465	518

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

	1/1/2014 to 3/31/2014
Opening balance	518
Effects on results for the quarter	35
Effects on comprehensive income	(88)
Closing balance	465

Notes to the condensed interim consolidated financial statements at March 31, 2014 All amounts in millions of reais unless otherwise stated

24 Other liabilities

	3/31/2014	12/31/2013
Payables for interest acquisition	220	232
REFIS - Tax Recovery Program (Note 25)	239	240
Provision for services	168	190
Long-term taxes payable	99	97
Advances from customers	127	139
Long-term trade payables	137	122
Environmental obligations	109	121
Provision for freight	29	35
Provision for utilities - water, electric energy and gas	15	18
Provision for maintenance	13	13
Unappropriated premiums	11	11
Other liabilities	75	61
	1,242	1,279
Current	(473)	(539)
Non-current	769	740

25 Tax recovery program

On October 10, 2013, Law 12,865/2013 was enacted (conversion of MP 615/2013), with amendments to MP 627/2013, establishing, among other requirements, the program of incentivized payment of federal tax debts with reduction of the percentage of fine and interest due.

On November 28, 2013 its subsidiaries and jointly-controlled subsidiaries applied for this program of installment payment of tax debts related to Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), arising from the application of Article 74 of the Provisional Measure 2,158-35/01, as follows:

The subsidiary Votorantim Investimentos Latino-Americanos S.A. ("VILA") applied for installment payments in 180 months, with a reduction of 80% of the late payment fines and specific fines and 50% of the late payment interest, totaling R$ 313 (R$ 240 of principal), the effect of which was recognized in the profit for 2013. Of this amount, the Company offset R$ 167 with credits from income tax and social contribution losses, for payment of 30% of the principal amount and 100% of the fine and interest due after the reductions permitted by the REFIS, as set forth in paragraph 7º of Article 40 of Law 12,865/13, resulting in the actual cash disbursement of R$ 146 over 180 months.

Its investee Fibria Celulose S.A. applied for the cash payment, with a 100% reduction of the late payment fine and voluntary fine, specific fines, late payment interest and legal charge, totaling R$ 560 (R$ 165 equivalent to the Company's interest), the effect of which was recognized in the profit for 2013. Of this amount, the investee will utilize credits from income tax and social contribution losses to offset R$ 168, equivalent to 30% of the principal amount, as set forth in paragraph 7º of Article 40 of Law 12,865/13, resulting in an actual cash disbursement of R$ 392.

26 Provision for tax, civil, labor and environmental contingencies

VID and its subsidiaries are parties to tax, labor, civil and environmental litigation in progress and are discussing these matters at both the administrative and judicial levels, backed by judicial deposits where applicable.

The provision for losses regarded as probable arising from contingent liabilities is recorded in the books.

Notes to the condensed interim consolidated financial statements at March 31, 2014 All amounts in millions of reais unless otherwise stated

Contingent liabilities classified as possible losses are not recorded in the books and are only disclosed in the notes to the financial statements. Contingent liabilities classified as remote losses are neither accrued nor disclosed, except when, due to the visibility of the lawsuit, the Company considers its disclosure justified.

The amounts of contingencies are periodically estimated and updated. The classification of losses as possible, probable or remote is supported by the advice of the Company's legal counsel.

(a) Breakdown

The provision and the corresponding judicial deposits are as follows:

			3/31/2014			12/31/2013
	Judicial deposits	Provision	Net amount	Judicial deposits	Provision	Net amount
Tax	(439)	1,275	836	(476)	1,320	844
Labor and social security	(42)	194	152	(49)	193	144
Civil	(22)	111	89	(16)	104	88
Other		58	58		57	57
	(503)	1,638	1,135	(541)	1,674	1,133

(b) Changes

The changes in the provision during the quarter are as follows:

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Opening balance	1,133	1,378
Additions	36	93
Reductions	(84)	(167)
Monetary restatements	12	22
Judicial deposits	38	3
Closing balance	1,135	1,329

(c) Outstanding judicial deposits

At March 31, 2014, the Company had R$ 507 (December 31, 2013 - R$ 446) deposited with the courts in relation to proceedings classified by its legal advisors as having a possible or remote possibility of loss, and therefore, without the related provision.

(d) Comments on provision with likelihood of loss considered probable

(i) Provision for tax contingencies

The tax proceedings with a probable likelihood of loss relate to discussions relating to federal, state and municipal taxes. Tax obligations that the Company is challenging in court on legal or constitutional grounds are fully recorded, irrespective of the likelihood of a favorable outcome to the litigation.

Notes to the condensed interim consolidated financial statements at March 31, 2014 All amounts in millions of reais unless otherwise stated

(ii) Provision for labor contingencies

VID and its subsidiaries are parties to approximately 5,490 labor lawsuits filed by former employees, third parties and labor unions mostly claiming the payment of indemnities on dismissals, health hazard premiums and hazardous duty premiums, overtime, and commuting hours, as well as indemnity claims by former employees and third parties based on alleged occupational illnesses, work accidents, property damage and pain and suffering, in common courts due to Constitutional Amendment 45 and compliance with normative clauses.

(iii) Provision for civil contingencies

The Company and its subsidiaries are parties to civil lawsuits involving claims for compensation for property damage and pain and suffering, collection and execution, and administrative claims.

(iv) Provision for environmental contingencies

The Company and its subsidiaries are subject to laws and regulations in the various countries in which they operate. The Company has established environmental policies and procedures to comply with environmental and other laws. Management performs analyses on a regular basis to identify environmental risks and ensure that the systems in place are adequate to manage these risks.

The environmental litigation of the Company and its subsidiaries basically refers to public civil claims and citizens' lawsuits, whose objectives are: the interruption of the progress of the environmental licensing of new projects, the recovery of areas of permanent preservation, among other matters.

(e) Litigation with likelihood of loss considered as possible

The Company and its subsidiaries are parties to other litigation involving a risk of possible loss, as detailed below:

	3/31/2014	12/31/2013
Tax	3,686	3,607
Labor and social security	531	562
Civil	4,931	4,736
Environmental	387	381
	9,535	9,286

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

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

Notes to the condensed interim consolidated financial statements at March 31, 2014 All amounts in millions of reais unless otherwise stated

Nature	Amount
(i) CFEM	480
(ii) Tax assessment notice – IRPJ/CSLL	177
(iii) Disallowances of PIS/COFINS credits	316
(iv) Offset of tax loss – 30% limit (merger)	216
(v) ICMS – transfer costs	189
(vi) Requirement of ICMS on TUSD	154
(vii) Disallowance of IRPJ negative balance	105
(viii) IRPJ/CSLL – Profits abroad	130
(ix) Tax assessment notice - Disallowance of ICMS credits arising from the purchase of PP&E	31
(x) Non-authorization of offset with credits from PIS - Decrees	35
(xi) Tax assessment notices – Disallowance of ICMS credit and collection of ICMS in shipment	29
(xii) Tax assessment notices – ISS	23
Other lawsuits of individual amounts lower than R$ 100	1,801
	3,686

(i) CFEM

The subsidiaries Votorantim Cimentos S.A. ("VCSA"), Votorantim Metais S.A. ("VMSA"), Votorantim Metais Zinco S.A. ("VMZ") and Companhia Brasileira de Alumínio ("CBA") have had various tax assessment notices issued by the National Department of Mineral Production for alleged lack of payment or underpayment of Financial Compensation for the Exploration of Mineral Resources (CFEM), for the periods 1991 to 2012, January 1991 to December 2000, January 1991 to December 2006 and 1991 to 2013, respectively. At March 31, 2014, the amount under litigation totals R$ 480, considered a possible loss. Currently, the lawsuits are at the administrative or judicial levels.

(ii) Tax assessment notice – IRPJ/CSLL

In December 2011, the subsidiary VCSA was assessed by the Federal Revenue of Brazil in the amount of R$ 183 for alleged lack of payment or underpayment of IRPJ and CSLL relating to the period from 2006 to 2010, due to: (i) amortization of goodwill supposedly being incorrect; (ii) utilization of tax loss above the 30% limit permitted by the tax regulation (merger); and (iii) lack of payment of IRPJ and CSLL obligations due on a monthly estimate basis. At March 31, 2014, of the total restated amount of R$ 220 the subsidiary understands that the best estimate of possible contingency is only R$ 131. In the lower court judgment, the judges decided on the reduction of the assessed amount by approximately R$ 50. Currently, the subsidiary awaits a decision on the mandatory appeal and voluntary appeal filed with the Administrative Board of Tax Appeals.

In December 2011, the subsidiary VCSA was assessed by the Federal Revenue of Brazil in the amount of R$ 448 for alleged lack of payment of IRPJ and CSLL in the calendar year 2006 and disallowance of income tax and social contribution losses in calendar year 2007, due to the contribution of assets of the companies Cimento Tocantins, Cimento Rio Branco and Companhia de Cimento Portland Itaú to Votorantim Cimentos Brasil, which opted for a taxation regime based on presumed income. At March 31, 2014, of the restated amount of R$ 535 the subsidiary understands that the best estimate of possible contingency is only R$ 46. The Federal Revenue Judgment Office considered the tax assessment partially justified, to reduce the tax assessment notice by approximately 50% of the assessed amount. Currently, the subsidiary awaits judgment of the mandatory appeal and voluntary appeal filed with the Administrative Board of Tax Appeals.

(iii) Disallowances of PIS/COFINS credits

The Company and its subsidiaries VMSA and Companhia Brasileira de Alumínio ("CBA") received various court decisions relating to the disallowance of PIS and COFINS credits on items applied in the production process, which in the Federal Revenue of Brazil's understanding would not entitle them to credits for these contributions. The restated amount at March 31, 2014 was R$ 316. Currently, the lawsuits await a decision at the lower administrative court.

(iv) Offset of tax loss – 30% limit (merger)

The subsidiary Votorantim Energia Ltda. was assessed by the Federal Revenue of Brazil, as the successor to the company VBC Participações S.A., due to the supposedly improper offsetting of tax losses without complying with the 30% limit (merger). The lawsuit awaits the judgment of the voluntary appeal by the Administrative Board of Tax Appeals. The amount involved at March 31, 2014 was R$ 216.

(v) ICMS – Transfer costs

The subsidiary VMSA was assessed for alleged lack of payment of ICMS on transfers of nickel carbonate to its branch located in the State of São Paulo, relating to the periods from January 2003 to December 2003, April 2004 to March 2005, April 2005 to March 2006, April 2006 to March 2007 and April 2007 to March 2008. These assessments totaled R$ 189 at March 31, 2014. Currently one lawsuit amounting to R$ 61 awaits a decision at the lower administrative court, three lawsuits amounting to R$ 114 await the judgment on the voluntary appeal by the Administrative Board of Tax Appeals, and another lawsuit amounting to R$ 14 awaits the publication of the decision issued by the Administrative Board of Tax Appeals.

(vi) Requirement of ICMS on Distribution System Usage Tariff

The subsidiaries VMZ, CBA and Votorantim Siderurgia S.A. ("VS") received collections for alleged ICMS debts on the Distribution System Usage Tariff. The total restated amount of these discussions was 154 at March 31, 2014. Currently the lawsuit involving VMZ awaits judgment by the Taxpayers Board of Minas Gerais, the lawsuit involving CBA and one of VS awaits a decision of the lower court, and the other two lawsuits of VS have had favorable decisions of the lower court.

(vii) Disallowance of IRPJ negative balance

The Company, its subsidiary CBA, and Cia. Nitroquímica Brasileira Ltda.-("CNBQ"), sold by the Company to third parties, received court decisions related to the disallowance of an IRPJ negative balance in the calendar years 2006 (VID), 2003, 2004, 2006 (CNBQ) and 2008 (CBA), totaling a restated amount of R$ 105 at March 31, 2014. Currently, the lawsuit awaits judgment on the manifestation of dissatisfaction filed by both companies. The responsibility for any liability of CNBQ, in accordance with the company purchase and sale agreement, rests with the Company.

(viii) IRPJ/CSLL – Profits abroad

In November 2013, the Company was assessed by the Federal Revenue of Brazil (RFB) for alleged lack of payment of IRPJ and CSLL on profits earned abroad in the calendar year 2011. The amount involved at March 31, 2014 was R$ 19, and the likelihood of loss is classified as possible.

In October 2013, Votorantim Cimentos S.A. was assessed by the Federal Revenue of Brazil in the amount of R$ 107, for alleged lack of payment of IRPJ and CSLL on profits earned abroad in calendar years 2008 to 2010, through its subsidiaries and associates. At March 31, 2014, the amount under litigation was R$ 111, considered as possible loss.

(ix) Tax assessment notice – Disallowance of ICMS credits arising from the purchase of property, plant and equipment

In December 2013, the subsidiary VMZ was assessed by the Finance Department of the State of Minas Gerais for having taking ICMS credits on the purchase of property, plant and equipment items allegedly not related to the unit's activity. This assessment amounted to R$ 31 at March 31, 2014.

Due to the assessment notice, VMZ filed a motion to deny, demonstrating that the disallowed credits arise from assets related to the unit's production process, the reason why the assessment has no grounds. Currently, the administrative proceeding awaits judgment of the motion to deny by the Taxpayers Council of the State of Minas Gerais.

(x) Non-authorization of offset with credits from PIS - Decrees

In November 2013, Companhia Brasileira de Alumínio was notified of the court decision not authorizing offsets made with credits from PIS-Decrees, amounting to R$ 35 at March 31, 2014.

In view of the court decision, Companhia Brasileira de Alumínio presented in the records of the administrative proceeding a manifestation of dissatisfaction demonstrating that the amounts dismissed by the Federal Revenue of Brazil are credits derived from PIS-Decrees, obtained through a lawsuit for which the final and non-appealable decision was favorable to the Company.

In the opinion of management and independent legal advisors, the collections are improper and it is considered possible that the Company will lose the administrative proceeding.

(xi) Tax assessment notices – Disallowance of ICMS credit and collection of ICMS in Shipment Operations for Repair and Manufacturing

In March 2014, the subsidiary VS was assessed by the Finance Department of the State of Rio de Janeiro for having allegedly taking ICMS credits on the purchase of assets classified as materials for use and consumption, and for the lack of payment of ICMS on the shipment of taxed goods (shipment for repair and manufacturing). This assessment amounted to R$ 29 at March 31, 2014.

Due to the tax assessment notices, as the term for filing a defense is of 30 days, VS is analyzing each of the tax assessment notices to define the defense strategies.

(xii) Tax assessment notices – ISS

The company Prometeu Participações S.A., merged into Votorantim Industrial, is discussing at court the existence of debt related to Tax on Services on alleged revenues from services rendered for the years 2002, 2003, 2005 to 2008.

In total there are three tax foreclosures, filed with the Municipal Government of São Paulo, which currently await judgment of the motions to stay execution filed by the company. At March 31, 2014, the total amount under litigation was R$ 23.

(e.2) Comments on contingent labor liabilities with likelihood of loss considered possible

Labor claims with the likelihood of loss considered possible are those filed by former employees, third parties and labor unions, mostly claiming the payment of indemnities on dismissals, health hazard premiums and hazardous duty premiums, overtime and commuting hours, as well as indemnity claims by former employees and third parties based on alleged occupational illnesses and work accidents.

(e.3) Comments on contingent civil liabilities with likelihood of loss considered possible

The contingent liabilities relating to civil lawsuits in progress with likelihood of loss considered possible, for which there is no provision recorded, are commented on below.

(i) Litigation with a Northeast transportation company

In August 2010, a transportation company filed a claim against the subsidiary Votorantim Cimentos N/NE S.A. – ("VCNNE") seeking compensation for property damages in the amount of R$124, alleging that VCNNE did not comply with the minimum transportation volume established in the cement transportation agreement entered into by the parties. VCNNE was notified of this claim in March 2011 and presented its reply, challenging the jurisdiction and that in the merit there was no written agreement regarding the minimum volume claimed, and the fact that the breach and losses borne by the transportation company were due to poor management and did not have any relation to VCNNE. The transportation company filed its reply. On January 22, 2013, the court published its decision to accept the Company's plea and transfer the case to the civil court in the city of Recife. In November 2013, the Court accepted the transportation company's appeal to confirm that the Court of São Luís-MA was competent to judge the cause. VCNNE appealed the decision. Based on the opinion of its outside legal advisors, VCNNE believes that the likelihood of loss as regards property damages in the amount of R$ 81 is possible and, for this reason, did not record provision in relation to this lawsuit.

(ii) Litigation with a São Paulo transportation company

In September 2003, a transportation company filed a claim against Votorantim Cimentos Brasil S.A. – ("VCB", a company merged into VCSA) seeking compensation for property damages in the amount of R$ 84 and pain and suffering in an unspecified amount, alleging that the Company did not comply with its obligations under two verbal agreements entered into. The transportation company argues that those breaches caused the discontinuance of the activities of its sales department and significant losses to its transportation area. VCB filed its reply in September 2009, alleging that: (1) the statute of limitations had expired; (2) VCB did not change the general conditions of the agreement; and (3) the transportation company mismanaged the conduct of the business and caused its own insolvency. In August 2011, the court rejected the argument of the expiration of the statute of limitations and determined an expert examination, as requested by the parties. The expert examination was concluded and the report presented. Management considers the likelihood of loss of part of the property damages estimated at R$ 160 as possible.

(iii) Public civil suit - cartel

The Public Prosecutor Office of the State of Rio Grande do Norte filed a public civil suit against the Company and another eight defendants, including several of the largest Brazilian cement producers, relating to the establishment of a cartel. The public civil suit demands the payment of an indemnity, on a joint liability basis, for pain and suffering and collective damages and payment of a fine according to the Brazilian antitrust laws. As the amount of the claim is R$ 5.6 billion and the public civil suit alleges joint liability, the Company estimates that, based on its market share, its liability, if it was sentenced to pay, would be of approximately R$ 2.4 billion. However, there is no guarantee that this division between the parties would prevail or that the Company would not be considered liable for a greater amount, or for the total amount of the claim. In July 2012, the company filed its reply. The Public Prosecutor Office filed its replies to the defenses presented in October 2012. Since then, there has been no significant decision on the lawsuit. The expectation for loss is considered as possible and the Company did not recognize a provision. At March 31, 2014, the amount under litigation was R$ 2.82 billion.

(iv) Class action – Tocantins

In August 2007, a class action was filed against the subsidiary VCNNE, seeking the annulment of the bid that transferred the mineral rights relating to the Lawsuit DNPM No. 860.933/1982 to VCNNE due to alleged failures in the bid procedures. The plaintiff also claimed the granting of an injunction to suspend all the bid effects, which has not yet been appreciated by the court. In May 2008, VCNNE filed its defense alleging that this lawsuit is connected with another class action and, thus, should be joined to the other and filed together, and that the bidding process was carried out according to the law. In April 2009, the State Attorney agreed with the existence of a connection between the lawsuits and that both should be judged together. Management considers the possibility of loss as possible and the lawsuit does not involve the payment of money, but may have operating impacts if the granting is suspended.

(v) Litigation in the State of Goiás

An indemnity lawsuit has been filed by a former service provider against the subsidiary VMSA, in the State of Goiás. After receiving the complaint, VMSA filed its defense. The court records are in the discovery phase, with oral testimony from the witnesses. The restated amount involved at March 31, 2014 was R$ 249.

(vi) Litigation in the State of Minas Gerais

An indemnity lawsuit has been filed against the subsidiary VMZ, in the State of Minas Gerais, alleging the inexistence of a legal relation and claiming adverse judgment for property damages and pain and suffering. After receiving the complaint, VMZ challenged it. The plaintiff presented a replica allegation and the judgment considered the lawsuit as groundless. The judgment of the appeal filed by the plaintiff is awaited. The restated amount involved at March 31, 2014 was R$ 60.

An indemnity lawsuit has been filed against CBA alleging unilateral rescission of the agreement. After receiving the complaint, CBA filed its defense, totally refuting the claim. The court records are in the expert witness phase. The restated amount involved at March 31, 2014 was R$ 27.

(vii) Litigation in the state of Rio de Janeiro

Two connected indemnity lawsuits have been filed against the subsidiary VMZ in the State of Rio de Janeiro, alleging property damage and pain and suffering. VMZ has not yet filed its defense because it is awaiting the beginning of the term for challenge. The restated amount involved at March 31, 2014 was R$ 55.

(viii) Litigation in Brasília

In 2005, the subsidiary VS was fined in an administrative proceeding by the Secretariat of Economic Law ("SDE"). Due to its conviction of the inconsistency of the fine, the subsidiary filed an annulment action, which is in progress in Brasília. Based on the outside legal advisors' opinion, the claim is classified as possible. If the subsidiary loses the action, it will have to comply with the requirements of the CADE decision published and of refraining from conducts specified therein, and to pay the applied fine which, restated through March 31, 2014, was R$ 35. The original amount of the fine, of R$23.47, is guaranteed by a bank guarantee provided in 2006, with indeterminate period. The lawsuit currently awaits the court decision on the request for production of proof.

(ix) Administrative investigations carried out by the Secretariat of Economic Law ("SDE")

(a) The Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica or "CADE") is responsible for adjudicating anti-competition acts referred by the Secretary of Economic Law of the Ministry of Justice and the Secretary for Economic Monitoring of the Ministry of Finance. CADE adjudicates on matters related to concentration and conduct, including cases of formation of a cartel. The minimum quorum for the Council to make decisions is five counselors.

With respect to administrative procedures, a company condemned by CADE for anti-competitive behavior can be condemned to pay an administrative fine in the range of 0.1% up to 20% of the company's, group's or conglomerate's annual revenues after deduction of taxes relating to the fiscal year immediately preceding the year in which the alleged violation has happened.

Other penalties can be imposed such as prohibiting borrowing from official or state financial institutions, a mandatory split of the company, transfer of control, mandatory sale of assets or an obligation to cease certain

activities and quit certain tax benefits as well as participation in state related biddings promoted by the Federal, State and Municipal Public Administration for a minimum period of five years, as well as other non-pecuniary sanctions, when these penalties are considered necessary to prohibit the conduct or correct anti-competitive practices of the market.

In 2006, the SDE, currently General Superintendence of the CADE, initiated an administrative proceeding against the Cement Industry Union, some industry associations (cement and concrete) and the largest Brazilian cement companies, including the Company. This proceeding relates to allegations of anti-competitive practices of several companies and associations, including the formation of a cartel.

On January 22, 2014, CADE initiated the trial of the proceeding which started in 2006, with four of the five members voting for sentencing trade associations, some individuals and six companies of the cement sector in

Brazil to pay a fine totaling R$ 3.1 billion and to sell part of the assets of four of the prosecuted companies, representing about 24% of the market's installed capacity of this sector in the country.

The process referendary proposed the condemnation of Votorantim Cimentos, with the implementation of several administrative sanctions, including (i) the payment of a fine in the amount of R$ 1.565 billion and (ii) the sale of certain assets, to be defined and disclosed by CADE at a later stage which, according to the referendary's estimate, is equivalent to 35% of the Company's installed capacity; (iii) restriction of access to public financing and tax benefits; (iv) prohibition of new acquisitions; (v) prohibition of investments in association with other companies of the sector during a period of ten years and other non-pecuniary sanctions. According to the referendary's terms, the sale of these assets should be to a single buyer, so as to allow a new sufficiently significant player in this market segment.

The trial was suspended at this same date, January 22, which was due to the request of one of the counselors, who has not voted yet. There is no formal term for this counselor to finish his analysis on the matter, nor for the CADE to finish the trial, which could be concluded at any future meeting. Until the trial is officially finalized, any counselor might review or change their vote, even if previously voted on.

The Company is waiting for the conclusion of the trial and, in case of confirmation of the condemnation, the Company intends to take this case to the Supreme Court, as the Company is of the opinion that there does not exist any anti-competitive practices, and as such the Company should not be subject to any administrative and/or criminal sanctions or penalties. As such the Company classified the probability of loss for this matter in a legal environment as possible.

(b) Previously, in 2003, the SDE, the current General Superintendence of CADE, started another administrative proceeding against the largest concrete producing Brazilian cement companies, including the Company. This proceeding relates to allegations by certain ready-mix concrete producers that the large cement companies may have breached Brazilian antitrust laws by not selling certain types of cement to ready-mix concrete companies. The evidence phase of this lawsuit ended in April 2012 and until now there are no indications that the General Superintendence of CADE intends to submit any recommendation to the CADE Board, conducting future investigations into this matter. If the Company is found to have violated these antitrust laws, it could be subject to administrative and criminal penalties, including an administrative fine that could range from 0.1% up to 20.0% (if the new Brazilian antitrust law is applied) of the cement company's annual after-tax revenues relating to its fiscal year immediately prior to the year in which the administrative proceeding was initiated. The probability of loss of this proceeding is considered to be remote.

(e.4) Comments on contingent environmental liabilities with likelihood of loss considered possible

The contingent liabilities relating to environmental lawsuits in progress with a likelihood of loss considered to be possible, for which there is no provision recorded, are commented on below.

(i) The environmental litigation of the Company and its subsidiaries basically relates to public civil actions, class actions and indemnity lawsuits, whose objectives are: the interruption of the environmental licensing of new projects, the recovery of areas of permanent preservation, and the decontamination of land, among other matters. In the event of an unfavorable outcome, the cost of the preparation of environmental studies and the cost of the recovery of the Company's and its subsidiaries' land are estimated. The aforementioned costs are recorded as expenses in the statement of income as they are incurred. The possible demands relate basically to indemnity lawsuits. Two lawsuits that reflect this scenario are indemnity lawsuits in progress in the City of Vazante – MG, filed against the subsidiary VMZ, seeking compensation for property damages due to alleged environmental damage that the subsidiary caused to the plaintiff's properties due to mining activity performed, in the restated amount of R$ 42,2 at March 31, 2014. VMZ filed its defense, fully contesting the plaintiff's allegations. All environmental lawsuits with material amounts and classified as possible are in the discovery phase.

All amounts in millions of reais unless otherwise stated

27 Use of public assets

The Company owns or invests in companies that have concession contracts in the electrical power industry. Most of these contracts provide for annual payments from the commencement of operations and are adjusted by the General Market Price Index for the Use of Public Assets.

The contracts have an average duration of 35 years, and the amounts to be paid annually are as follows:

						3/31/2014			**12/31/2013**	
Plants / Companies	**Investor**	**Concession start date**	**Concession end date**	**Payment start date**	**Ownership interest**	**Intangible assets**	**Liabilities**	**Ownership interest**	**Intangible assets**	**Liabilities**
Salto Pilão	Companhia Brasileira de Alumínio	nov-01	dec-36	jan-10	60%	232	440	60%	235	428
Enercan - Campos Novos	Companhia Brasileira de Alumínio	apr-00	may-35	jun-06	33%	5		33%	4	8
Salto do Rio Verdinho	Companhia Brasileira de Alumínio	aug-02	sep-37	oct-10	100%	9	17	100%	9	16
Ituparanga	Companhia Brasileira de Alumínio	nov-03	dec-23	jan-04	100%	1	2	100%	1	2
Piraju	Companhia Brasileira de Alumínio	dec-98	jan-34	feb-03	100%	1	6	100%	1	6
Ourinhos	Companhia Brasileira de Alumínio	jul-00	aug-35	sep-05	100%	2	4	100%	2	4
Baesa - Energética Barra Grande	Companhia Brasileira de Alumínio	jun-01	may-36	jun-07	15%	16	38	15%	17	38
Capim Branco I e Capim Branco II	Votorantim Metais Zinco S.A.	aug-01	sep-36	oct-07	13%	3	9	13%	3	9
Picada	Votorantim Metais Zinco S.A.	may-01	jun-36	jul-06	100%	22	60	100%	22	58
Enercan - Campos Novos	Votorantim Metais S.A.	apr-00	may-35	jun-06	12%		11	12%	1	3
Pedra do Cavalo	Votorantim Cimentos N/NE S.A.	mar-02	apr-37	apr-06	100%	140	435	100%	141	423
						431	1,022		436	995
Current							(61)			(60)
Non-current						431	961		436	935

All amounts in millions of reais unless otherwise stated

28 Provision for asset decommissioning

The calculation of obligations due to asset decommissioning involves judgment about certain assumptions. In environmental terms, they refer to the future obligation to restore the ecological conditions similar to those existing before the beginning of the project or activity, or to carry out compensatory measures, agreed upon with the applicable bodies, as a result of the impossibility of returning the areas to the pre-existing condition. These obligations arise from the right to use the asset, which causes environmental degradation, from the object of the operation or from formal commitments assumed made to the environmental body, under which the degradation must be compensated, providing other uses for the affected area.

The dismantling and removal of an asset from an operation occurs when it is permanently decommissioned, through the interruption of its activities, or by its sale or disposal. This future obligation will be recognized in the statement of income; a portion through depletion during the entire useful life of the asset that gave rise to it, and the other through the reversal of the adjustment to its present value plus the restatement of the liability due to inflation. Since these are long-term obligations, they are adjusted to the present value at the current interest rate and periodically restated based on the inflation rate.

The interest rate used to discount amounts to their present value and restate the provision was 4.23% p.a. (December 31, 2013 – 4.23% p.a.)

The changes in the provision for asset decommissioning are as follows:

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Opening balance	876	933
Adjustment to present value	11	(1)
Addition		1
Financial settlement	(1)	(10)
Revision of estimated cash flow	(5)	
Foreign exchange gains (losses)	(14)	12
Closing balance	867	935

29 Equity

(a) Share capital

At March 31, 2014, the Company's fully subscribed and paid-up capital, in the amount of R$ 20,167 (December 31, 2013 – R$ 20,167), comprised 17,687,578,915 (December 31, 2013 – 17,687,578,915) registered common shares.

At an Extraordinary General Meeting held on September 17, 2013, the Company's capital, through capitalization in local currency, was increased by R$ 260, with the issue of 185,647,983 new registered common shares.

(b) Dividends

Dividends are calculated based on 25% of profit for the year, net of a legal reserve, pursuant to the Company's bylaws.

(c) Legal and profit retention reserves

The legal reserve is credited annually with 5% of the profit for the year and cannot exceed 20% of the share capital. The reserve can only be used to increase capital and offset accumulated losses.

The profit retention reserve was established to record the appropriation of the remaining balance of retained earnings, held over to fund projected business growth, as established in the Company's investment plan.

(d) Reserve for tax incentives

This reserve was set up in accordance with Article 195-A of the Brazilian Corporation Law (amended by Law 11,638/07), and it is credited with the benefits of tax incentives, which are recognized in the results of operations for the year and appropriated from retained earnings to this reserve. These incentives are not included in the calculation basis for the minimum mandatory dividend.

(e) Carrying value adjustments

The Company recognizes in this account the effects of foreign exchange gains/losses on direct and indirect investments abroad. The cumulative effects will be transferred to the statement of income for the year as a gain or loss upon the sale or write-off of the investment.

This account also includes: foreign exchange gains/losses on debts and derivatives designated to mitigate risks related to foreign exchange, commodities prices and interest rates (hedge accounting), actuarial gains and losses on pension plans, and the amount relating to the fair value of available-for-sale financial assets.

(f) Securities convertible into shares

In December 2013, the Company carried out its third private issue of debentures, issuing 90,000 debentures convertible into shares, in a single series, of the subordinated type. The debentures were issued with exemption from registration with the CVM or with any other regulatory bodies, considering that they were subject to private placement, not subject to the terms of Law 6,385/76, CVM Instruction 400/03 or CVM Instruction 476/09. The issue in the amount of R$ 900, with maturity in December 2023, pays 100% of the CDI, plus a spread of 1% per year, with semiannual amortization of interest. These debentures, fully subscribed by Votorantim Finanças, are mandatorily convertible into shares on the expiration date, and the semiannual amortization of interest may be postponed at the Company's sole discretion.

Debenture holders have, as from the 12th month after the issue, the option to convert the debentures into shares, and the conversion is mandatory on the maturity date. The issuer, in turn, has the right to defer the payment of interest and, also, to redeem the debentures in cash at any time. Based on these characteristics, the debentures were accounted for as an equity instrument.

The yield of R$ 15 is included in equity, under retained earnings, net of income tax and social contribution.

(g) Reclassification from non-controlling interests to revenue reserve

During the first quarter of 2014, the Company reclassified R$ 43 from non-controlling interests to revenue reserve, due to the goodwill not eliminated on the acquisition of 30% of the non-controlling interest of the investee Cimpor Macau – Companhia de Investimentos S.A. (“Macau”) on April 16, 2013

All amounts in millions of reais unless otherwise stated

30 Net revenue

(a) Reconciliation of revenue

The reconciliation between gross and net revenues for the quarters ended March 31 is as follows:

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Gross revenue		
Sales of products - domestic market	4,646	4,079
Sales of products - foreign market	2,279	2,267
Supply of electric power	646	365
Service revenue	288	301
	7,859	7,012
Taxes on sales and services and other deductions	(1,282)	(1,099)
Net revenue	6,577	5,913

(b) Information on geographic areas

The geographic areas are determined based on the location of the customers. The net revenue of the Company, classified by currency and destination, is as follows:

(i) Revenue by destination

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Brazil	4,360	3,691
United States	409	565
Peru	404	307
Colombia	224	181
Argentina	159	132
Turkey	120	81
Switzerland	106	250
Canada	99	109
Spain	74	92
Morocco	74	62
Luxembourg	66	70
Uruguay	61	55
Tunisia	58	57
India	41	40
China	23	17
United Kingdom	22	42
Belgium	18	32
Germany	12	15
Hong Kong	10	25
Other countries	237	90
	6,577	5,913

All amounts in millions of reais unless otherwise stated

(ii) Revenue by currency

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Real	4,299	3,645
US Dollar	1,384	1,475
Colombian Peso	197	152
Argentine Peso	146	121
New Lira	106	14
Canadian Dollar	97	109
Euro	88	103
Dirham	74	57
Dinar	65	62
Uruguaian Peso	63	54
Rupee	41	40
Yuan-China	17	81
	6,577	5,913

31 Other operating income, net

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Tax benefits of indirect taxes	59	48
Gain on sale of electric power (i)	157	99
Gain (loss) on sale of property, plant and equipment	(1)	3
Gain on sale of scrap	4	3
Mark-to-market of embedded derivatives - Fibria call option (Note 15)	(96)	(1)
Other expenses, net	(45)	(74)
	78	78

(i) Focus on the Brazilian market, reducing the export of aluminum and, therefore, the production of primary aluminum generated a greater volume of surplus energy sold in the market.

All amounts in millions of reais unless otherwise stated

32 Finance results, net

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Finance costs		
Interest on borrowing	(391)	(284)
Premium paid on Tender Offer (Note 21 (i))	(270)	
Derivative financial instruments (i)	(133)	(2)
Income tax on remittances of interest abroad	(53)	(10)
Interest and monetary restatement UBP	(42)	(18)
Interest on taxes payable	(9)	(4)
Interest on related-party transactions	(7)	(6)
Other finance costs	(88)	
	(993)	(324)
Finance income		
Interest on financial assets	110	46
Income from financial investments	18	13
Monetary restatement on assets	17	21
Interest on related-party transactions	11	10
Discounts obtained	6	7
Monetary restatement on judicial deposits	8	5
Other finance income		16
	170	118
Foreign exchange and monetary gains (losses), net	75	30
Finance results, net	(748)	(176)

(i) The expenses on derivative financial instruments are justified by the recognition of R$ 92 in order to hedge against the exchange fluctuation of the Tender Offer.

33 Expenses by nature

The Company's management elected to disclose expenses by function in the statement of income and the nature of these expenses are presented below.

The cost of sales, selling and administrative expenses for the quarters ended March 31 are as follows:

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Raw materials, inputs and consumables used	3,620	3,357
Employee benefit expenses	901	845
Depreciation, amortization and depletion	567	501
Transportation expenses	322	255
Outsourced services	229	286
Other expenses	154	165
Total cost of sales, selling and administrative expenses	5,793	5,409
Reconciliation		
Cost of products sold and services rendered	4,850	4,515
Selling expenses	441	360
General and administrative expenses	502	534
Total cost of sales, selling and administrative expenses	5,793	5,409

Notes to the condensed interim consolidated financial statements at March 31, 2014 All amounts in millions of reais unless otherwise stated

34 Employee benefit expenses

	1/1/2014 to 3/31/2014	1/1/2013 to 3/31/2013
Salaries and bonuses	556	504
Payroll charges	236	241
Social benefits	109	100
	901	845

35 Insurance

Pursuant to the Corporate Insurance Management Policy of the Company and its subsidiaries, different types of insurance policies are contracted, such as operational risk and civil liability insurance, protecting them against potential losses due to production stoppages, property damage and damage to third parties.

The Company and its subsidiaries have civil liability insurance for their operations and officers, with coverage and terms and conditions deemed adequate by management to cover the inherent risks.

The operational insurance coverage at March 31, 2014 was as follows:

Assets	Type of coverage	Coverage amount
Facilities, equipment and products in inventory	Property damage	40,674
	Loss of profits	8,406

36 Supplemental information - Business segments

In order to provide more detailed information, the Company has elected to present financial information organized into two business segments. The following information refers to the analysis of each business segment, and considers the elimination of balances and transactions among the companies before: (i) eliminations between business segments; (ii) eliminations of investments held by the holding companies. Additionally, the eliminations and reclassifications among the companies are presented so that the net results reconcile with the consolidated financial information of VID per the supplementary information. This supplementary information is not intended to be in accordance with, and is not required by, the accounting practices adopted in Brazil, or by IFRS.

All amounts in millions of reais unless otherwise stated

										3/31/2014
	Cement	**Aluminum**	**Nickel**	**Zinc**	**Mining Peru**	**Metals - other**	**Steel**	**Holding companies and other**	**Eliminations and reclassifications**	**Total Consolidated**
Assets										
Current assets										
Cash and cash equivalents, financial investments and derivative financial instruments	2,260	692	214	29	735	58	714	145		4,847
Trade receivables	1,018	222	35	244	297	68	470	32	(221)	2,165
Inventory	1,278	563	205	590	144	9	581			3,370
Taxes recoverable	187	77	260	183	52	4	88	29		880
Dividends receivable	66	24	7					83	(110)	70
Other assets	302	164	20	45	81	3	87	427		1,129
	5,111	1,742	741	1,091	1,309	142	1,940	716	(331)	12,461
Assets held for sale	749									749
Non-current assets										
Long-term receivables										
Financial investments and derivative financial instruments	16					22		1		39
Taxes recoverable	260	575	568	156		7	34	10		1,610
Related parties	143	497	1,374	3		89	23	959	(1,186)	1,902
Deferred income tax and social contribution	1,043	555	470	657	55	23	427	823		4,053
Judicial deposits	284	67	19	43		28	65	1		507
Other assets	191	19	11	11	6	6	22	104		370
	1,937	1,713	2,442	870	61	175	571	1,898	(1,186)	8,481
Investments	1,401	1,068	288	710		2,293	93	21,837	(21,840)	5,850
Property, plant and equipment and biological assets	10,312	4,900	1,228	4,210	950	749	3,454	307		26,110
Intangible assets	5,086	637	176	4,694	403	50	285	3		11,334
	18,736	8,318	4,134	10,484	1,414	3,267	4,403	24,045	(23,026)	51,775
Total assets	24,596	10,060	4,875	11,575	2,723	3,409	6,343	24,761	(23,357)	64,985

All amounts in millions of reais unless otherwise stated

										3/31/2014
	Cement	Aluminum	Nickel	Zinc	Mining Peru	Metals - other	Steel	Holding companies and other	Eliminations and reclassifications	Total Consolidated
Liabilities										
Current liabilities										
Borrowing	1,279	204	125	206	28	52	189	5		2,088
Trade payables	923	253	139	759	219	9	421	297	(251)	2,769
Payables - trading	94									94
Salaries and payroll charges	181	62	18	58	48	15	69	42		493
Income tax and social contribution	8	5		1	9	6	52	34		115
Taxes payable	216	24	9	33	34	4	16	22		358
Dividends payable	45			1	3	95	14	139	(96)	201
Advances from customers	86	5	1	2		4	107	1	(2)	204
Payables and other liabilities	351	53	26	38	48	8	49	31		604
	3,183	606	318	1,098	389	193	917	571	(349)	6,926
Liabilities available for sale	372									372
Non-current liabilities										
Borrowing	12,050	2,267	684	1,470	810	213	868	1,713		20,075
Related parties	101	57	6	74		90	538	1,223	(1,168)	921
Deferred income tax and social contribution	1,266	497	158	1,275	2	6	384			3,588
Tax, civil, labor and environmental provisions contingencies	719	140	46	63	27	18	58	64		1,135
Provision for asset decommissioning	188	115	157	173	197		37			867
Payables and other liabilities	806	454	38	266		67	352	124		2,107
	15,130	3,530	1,089	3,321	1,036	394	2,237	3,124	(1,168)	28,693
Equity	5,911	5,924	3,468	7,156	1,298	2,822	3,189	21,066	(21,840)	28,994
Total liabilities and equity	24,596	10,060	4,875	11,575	2,723	3,409	6,343	24,761	(23,357)	64,985

All amounts in millions of reais unless otherwise stated

Statement of income for the period from 1/1/2014 to 3/31/2014

	Cement	Aluminum	Nickel	Zinc	Mining Peru	Metals - other	Steel	Holding companies and other	Eliminations and reclassifications	Total Consolidated
Net revenue from products sold and services rendered	2,835	707	184	982	446	77	946	669 (*)	(269)	6,577
Cost of products sold and services rendered	(1,926)	(642)	(168)	(789)	(265)	(26)	(746)	(557) (*)	269	(4,850)
Gross profit	909	65	16	193	181	51	200	112		1,727
Operating income (expenses)										
Selling	(267)	(25)	(5)	(41)	(16)	(6)	(80)	(1)		(441)
General and administrative	(184)	(48)	(34)	(83)	(21)	(4)	(74)	(54)		(502)
Other operating income (expenses), net	98	147	(2)	(26)	(38)	(6)	(6)	(89)		78
	(353)	74	(41)	(150)	(75)	(16)	(160)	(144)		(865)
Operating profit (loss) before equity investments and finance results	556	139	(25)	43	106	35	40	(32)		862
Result from equity investments										
Equity in the results of investees	18	18	(1)	27		22	4	138	(197)	29
Finance results, net										
Finance costs	(337)	(208)	(9)	(38)	(12)	(9)	(29)	(358)	7	(993)
Finance income	55	18	13	4	2	3	12	70	(7)	170
Foreign exchange gains (losses), net	(1)	69	35	63		2		(93)		75
	(283)	(121)	39	29	(10)	(4)	(17)	(381)		(748)
Profit (loss) before income tax, social contribution and profit sharing	291	36	13	99	96	53	27	(275)	(197)	143
Income tax and social contribution										
Current	(60)	(4)	(1)	(3)	(35)	(15)	(13)	(33)		(164)
Deferred	1	(90)	(20)	(1)	3	(6)	7	141		35
Profit (loss) for the quarter from continuing operations	232	(58)	(8)	95	64	32	21	(167)	(197)	14
Discontinued operations										
Loss for the period from discontinued operations	(6)									(6)
Profit (loss) for the quarter	226	(58)	(8)	95	64	32	21	(167)	(197)	8
Profit (loss) attributable to the owners of the Company	214	(58)	(8)	122	66	32	21	(167)	(228)	(6)
Profit (loss) attributable to non-controlling interests	12			(27)	(2)				31	14
Profit (loss) for the quarter	226	(58)	(8)	95	64	32	21	(167)	(197)	8

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

All amounts in millions of reais unless otherwise stated

Segmented adjusted EBITDA for the period from 1/1/2014 to 3/31/2014

	Cement	Aluminum	Nickel	Zinc	Mining Peru	Metals - other	Steel	Holding companies and other	Eliminations and reclassifications	Total Consolidated
Net revenue from products sold and services rendered	2,835	707	184	982	446	77	946	669	(269)	6,577
Cost of products sold and services rendered	(1,926)	(642)	(168)	(789)	(265)	(26)	(746)	(557)	269	(4,850)
Gross profit	909	65	16	193	181	51	200	112		1,727
Operating income (expenses)										
Selling	(267)	(25)	(5)	(41)	(16)	(6)	(80)	(1)		(441)
General and administrative	(184)	(48)	(34)	(83)	(21)	(4)	(74)	(54)		(502)
Other operating income (expenses), net	98	147	(2)	(26)	(38)	(6)	(6)	(89)		78
	(353)	74	(41)	(150)	(75)	(16)	(160)	(144)		(865)
Operating profit (loss) before equity investments and finance results	556	139	(25)	43	106	35	40	(32)		862
Additions:										
Depreciation, amortization and depletion - continuing operations	203	81	17	130	62	11	61	1		566
EBITDA	759	220	(8)	173	168	46	101	(31)		1,428
Addition:										
Dividends received	5									5
Exceptional items										
FIBRIA call option								96		96
Fair value of biological assets							(1)			(1)
Adjusted EBITDA	764	220	(8)	173	168	46	100	65		1,528

37 Events after the reporting period

(a) On April 16, 2014, the subsidiary VCSA announced the repurchase of bonds with maturity in 2017 and annual coupon of 5.25% in the amount of EUR 446 million using the proceeds from a new issuance in the amount of EUR 650 million with maturity in 2021 and annual coupon of 3.25%. This cash inflow occurred on April 24, 2014 and the financial settlement of the repurchase was on April 28, 2014. The new issuance was the first in the international market without guarantees and is rated BBB, Baa3 and BBB by the rating agencies S&P, Moody's and Fitch respectively.

(b) On April 17, 2014, the investee Votorantim Cement North America Inc made an amendment to its revolver credit contracted on October 28, 2010, increasing its amount from USD 125 million to USD 300 million, and extending the payment term to 2019. The investee also settled the syndicated loan in advance.

(c) Until 2013, the Company and its subsidiaries opted for the Transition Tax Regime ("RTT") that, through records in the Taxable Income Calculation Book (Livro de Apuração do Lucro Real – "LALUR") or its subsidiary controls, permits for purposes of calculating the corporate income tax (IRPJ) and social contribution on net income (CSLL) to neutralize the accounting effects arising from Law 11,638/07 and Provisional Measure 449/08, converted into Law 11,941/09, without any modification in the recording of the commercial books.

On November 11, 2013, the Provisional Measure 627 (MP 627) was enacted, revoking the RTT and addressing the taxation of individuals resident in Brazil in respect of the profits earned abroad. One of the objectives of the standard is to establish the adjustments that should be made to the tax book for determining the IRPJ and CSLL calculation base, with the purpose of tax neutrality of the new accounting methods and criteria introduced by Laws 11,638/07 and 11,941/09.

On May 14, 2014, Law 12,973 was enacted, resulting from the conversion into law of Provisional Measure (MP) 627. The provisions in Law 12,973 will be effective only as from 2015; however, considering that its adoption is optional for 2014, the Company and its subsidiaries, with the support of external consultants, are evaluating the best option to be adopted so that Management can decide on the early adoption or not of the provisions in the new legislation, under the form, term and conditions to be regulated by the Brazilian Federal Revenue.